The Jordanian-Palestinian Identity Conflict: The Economic Impact on the Political Power

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Abstract

National identity is a cornerstone in shaping a nation's social fabric and political and economic stability, providing individuals with a sense of belonging. For decades, the Jordanian national identity has faced many challenges due to regional conflicts and sociocultural and geopolitical transformations. The influx of Palestinian refugees in 1948 and its political, economic, and demographic consequences have contributed to strained relations between both communities – Palestinian and Trans-Jordanian.

Despite the Palestinian dominance of the private sector in Jordan, Trans-Jordanians control the governmental sector, military, and major government institutions and organizations. This rivalry has led to ongoing communal tensions, political, and economic instability.

In this thesis, I present a narrative of the evolution of Jordanian identity to understand how we got to where we are today. I also examine the economic impact of Palestinians in Jordan and its impact on their political presence by conducting a comparative study of the economic landscape in Jordan in the years 1996 and 2024.

Dedication

To my son, Hadi

My love for you is woven into every word I have written on these pages. I love you more than anyone or anything in this world.

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Chapter I

Introduction

The concept of national identity is a fundamental factor in shaping any nation's social, political, and economic structures. It gives individuals a sense of belonging, fosters political stability, and impacts national and foreign policies. In Jordan, national identity has been tangled with regional conflicts and demographic transformations due to the influx of Palestinian refugees after the Arab-Israeli war in 1948, the annexation of the West Bank in 1950, the Black September conflict of 1970, and political and economic liberalization policies initiated in the 1990s. These events have led to a dual identity in Jordan, primarily characterized by the intercommunal tension between Transjordanians and Palestinians.

While Palestinians have played a dominant role in Jordan's private-sector economy, Transjordanians have maintained control over the government, military, and key government organizations. This polarization has led to aggravation of the tension between both communities, which has impacted Jordan's political and socioeconomic stability.

In this thesis, I investigate the interrelation between economic power, political influence, and national identity in Jordan. I present a historical narrative of the evolution of Jordanian national identity. I also investigate the economic divide between Transjordanians and Palestinians and its impact on political representation by conducting an empirical analysis comparing economic trends in 1996 and 2024 to evaluate shifts in market capitalization, employment, and sectoral dominance.

The thesis is structured into six chapters. This first chapter sets the foundation for the study by outlining two research questions: (1) Given the well-known economic dominance of the Palestinian community in Jordan since the oil boom in the 1970s, do they still have this economic power? (2) Has this economic dominance converted into political power? The second chapter then introduces the approach utilized in this study to address these questions. The second chapter also includes a discussion of some of the key concepts.

The third chapter traces the evolution of Jordanian identity, beginning with the Ottoman era when tribal, geographic, and religious affiliations defined identity. The establishment of Transjordan under Prince Abdullah I marked the beginning of modern Jordanian identity. Key historical events, such as the 1948 Arab-Israeli War, the annexation of the West Bank, and the influx of Palestinian refugees, shaped Jordan's national identity. The disengagement from the West Bank in 1988 and the peace treaty with Israel in 1994 further complicated national identity by reinforcing distinctions between Transjordanians and Palestinians.

In chapter four, I explore the tensions between Transjordanian and Palestinian identities shaped by historical and socio-political factors. Events such as Black September (1970) and the Gulf Crisis (1990) exacerbated these tensions. Economic liberalization in the 1990s further deepened the divide, favoring Palestinian entrepreneurs while reducing public sector opportunities for Transjordanians. The chapter examines how these historical divisions have influenced contemporary political dynamics, with Palestinians seeking more representation and Transjordanians resisting perceived economic and political encroachment.

In chapter five, I address how economic power in Jordan is distributed between Transjordanians and Palestinians by looking at the Jordanian Exchange Market in two periods: 1996, after the peace treaty between Israel and Jordan – the 1996 data was published by Yitzhak Reiter in 2004 (Reiter, 2004) and again in 2024 after the Gaza War. This chapter also sheds light on the impact of the Gaza War on Jordan's economy, with declining tourism, foreign investment, and trade posing challenges to economic stability.

The final chapter reflects on the enduring challenge of national identity in Jordan. It highlights the difficulty of integrating Palestinians into Jordanian society while maintaining Transjordanian political dominance. The thesis concludes that economic liberalization and political reforms have not resolved identity-based tensions. Instead, economic disparities continue to reinforce political divisions. The thesis suggests that Jordan's future stability depends on addressing these inequalities through inclusive economic policies and more political representation for all citizens.

Chapter II

Approach

I began my research by conducting a comprehensive literature review to examine the concept of identity and the complexities of identity crisis in Jordan from historical and contemporary perspectives. Here I provide a historical review to investigate the key events and efforts that shaped the continuously evolving Jordanian national identity from the establishment of the Jordanian State in 1921 to the present and the ongoing debates around this issue. Additionally, I present contemporary debates and scholarly discussions to provide a broader understanding of the dynamic challenges to the development of Jordanian national identity, particularly the impact of the displacement of Palestinians since the year 1948.

Quantitative and Qualitative Analysis

The second part of this research employs a mixed methods approach – qualitative and quantitative – to examine the economic landscape in Jordan and enhance our understanding of the multifaceted relationship between economic power and political influence among Palestinians in Jordan by identifying the ethnic affiliation of the owners and chief executive officers (CEOs) of these large enterprises. For analytical purposes, Transjordanians refer to natives of the East Bank before 1948 and their offspring. In contrast, Palestinians refer to those who were displaced from Palestine and naturalized in Jordan after 1948 and their offspring.

This study examines data from 161 large companies publicly traded on the Jordanian stock exchange in 2024 (Exchange, 2024b). The dataset includes key indicators such as the identity of company owners and CEOs, the economic branch to which the companies belong, market capitalization, and the number of employees (Exchange, 2024a). These companies were selected based on their trading status on the Jordanian stock exchange in 2024, ensuring a comprehensive representation of Jordan's major economic actors. Data are gathered from official reports and publications from relevant government agencies, such as the Jordanian Stock Exchange, company records, financial reports, existing literature, and research on Jordan's economic and political landscape.

The collected data were systematically classified and analyzed to discern patterns in ownership structures, corporate governance, and economic distribution across various industries. Quantitative data were analyzed using descriptive and inferential statistical methods to assess ownership patterns, market influence, and sectoral distribution. Qualitative data, including economic reports, government records, and academic literature, were examined thematically to identify patterns related to political influence and economic dynamics in Jordan. The analysis involved cross-matching these findings with historical economic data from 1996 – a period representing a relatively advanced stage in the development of Jordan's private sector following the peace treaty. A key aspect of this study is analyzing economic and political shifts in these distinct periods: 1996, following the Israel- Jordan peace treaty, and 2024, after one year of the war in Gaza. This comparative approach evaluates long-term economic and political transformations over nearly three decades.

All data were collected from publicly available financial reports, stock exchange records, and reputable secondary sources. No confidential or personally identifiable information was used in the analysis. The study adheres to ethical guidelines for data integrity and responsible reporting, ensuring accuracy, transparency, and reliability in presenting findings.

The study has several limitations that need to be acknowledged. Firstly, it focuses on a specific period (1996 after the peace treaty between Israel and Jordan and 2024 after the Gaza War) without continuous monitoring. Therefore, it may not fully capture long-term trends or future developments in the Jordanian economy and political landscape, limiting the generalizability of the findings. There is a risk of inherent bias due to the complexity of ethnic classification in ownership, which may not fully capture the nuances of historical dynamics. Additionally, there is a risk of selection bias as the study concentrates solely on large corporations and Palestinian elites, overlooking other economic sectors such as small businesses and startups. Furthermore, it is necessary to recognize the limitations inherent in data collection and analysis, including the complexities of assessing political influence. Hence, it is prudent to be cautious when interpreting the results, recognizing the potential biases and limitations inherent in the study design.

The Concept of Identity

Identity is a multifaceted and dynamic construct that plays a crucial role in shaping individual and collective experiences. At its core, identity encompasses both personal and social dimensions, influencing how individuals perceive themselves and relate to others within a given social structure. While personal identity highlights individual uniqueness, social identity emphasizes shared characteristics among group members. Expanding beyond these dimensions, ethnic identity is a key factor in psychological well-being, particularly among diverse populations. Within this broader framework, national identity emerges as a socio-cultural construct shaped by historical, cultural, and political elements (Anderson, 2020). Unlike inherent traits, national identity is cultivated through shared experiences, traditions, and symbols, evolving in response to socio-political dynamics.

Constructing a cohesive national identity in Jordan presents a complex challenge due to historical, political, and demographic factors. The increasing global discourse on national identity, internal divisions, and competing allegiances highlights the urgency of addressing this issue. In the following sections, I will explore the definition of identity, its theoretical foundations, and the intricate process of forging a unified Jordanian national identity amid contemporary socio-political challenges.

What Is Identity?

To objectively analyze the challenges associated with establishing a Jordanian national identity, it is first necessary to define identity while avoiding ideological biases. Personal identity refers to the individual's self-conception, emphasizing uniqueness within the same group (Brewer & Gardner, 1996; Gergen, 1989; Turner, Oakes, Haslam, & McGarty, 1992). On the other hand, social identity accentuates commonalities among individuals belonging to the same social group compared to others (Turner et al., 1992).

Ethnic identity, a multidimensional construct comprising exploration and commitment dimensions, correlates significantly with self-esteem and psychological well-being, particularly among youth and individuals from diverse racial backgrounds (Kiang, Yip, Gonzales-Backen, Witkow, & Fuligni, 2006; Phinney & Ong, 2007; Schwartz, Zamboanga, & Jarvis, 2007; Umaña-Taylor & Updegraff, 2007).

The synergetic relationship between personal and social identity and the familial ties people develop result in an extraordinary willingness to sacrifice oneself to support the group (Gómez & Vázquez, 2015).

National Identity as a Socio-cultural Construct

According to Anthony Smith, national identity refers to an individual's sense of distinctiveness stemming from affiliation with a specific country, nation, or society (Smith, 1991). It is worth noting that national identity is not an inherent trait but rather an acquired one. Individuals are born into a particular society and gradually develop their identity through shared cultural, intellectual, and political elements in daily life (Salameh & El-Edwan, 2016). These elements include language, history, collective destiny, kinship ties, national symbols, media, anthems, traditional attire, and folklore (Al-Jaberi, Zeadeh, & Al-Haideri, 1986). As a socio-cultural and historical construct, national identity remains dynamic, continuously evolving and interacting with other identities. It strengthens in response to internal or external threats, such as military conflicts, economic crises, or natural disasters.

National identity plays a crucial role in fostering national unity and political stability, establishing a stable and well-grounded societal framework, and providing individuals with security, tranquility, and stability. As a unifying force, it offers a vital opportunity for societal cohesion, economic progress, prosperity, and a dignified and free life for individuals with the same national identity.

Conversely, divisions and conflicts stemming from competing identities can significantly harm the state and society. Such conflicts impede stability, hinder societal cohesion, and restrict the state's ability to maintain security and uphold law and order.

The failure of a state to establish a cohesive national identity ultimately threatens its very existence.

In recent years, the issue of national identity has become sensitive and garnered significant global attention, prompting individuals across different regions to question their shared characteristics and distinctiveness. As Samual Huntington asserts, “The crisis of national identity has become a global phenomenon.” (Huntington, 2004) In the Jordanian context, this sensitivity is heightened due to the complexities arising from conflicting identities, multiple loyalties, and the absence of a unified political allegiance. Establishing a cohesive national identity in Jordan is critical, reflecting the state’s broader identity crisis. This challenge has become a pressing concern for politicians, economists, and academic scholars.

Chapter III

Historical Narrative

The evolution of Jordanian national identity is deeply intertwined with the region's historical, political, and social transformations. During the Ottoman era, Jordan was not a distinct administrative entity, and tribal, geographic, and religious affiliations largely shaped its identity. However, the early twentieth century marked the birth of a national consciousness spurred by resistance to Ottoman rule and later influenced by the establishment of Transjordan under Prince Abdullah I.

The formation of modern Jordan witnessed complex interactions between Pan-Arab Nationalism, British colonial policies, and local tribal dynamics, shaping the foundations of Jordanian identity. As historical events unfolded—including the annexation of the West Bank, the Palestinian refugee influx, and the subsequent disengagement—Jordan's national identity continuously evolved, often in response to regional conflicts and internal societal shifts. This chapter provides a historical review of Jordanian identity. It examines key events that shaped its development, the interplay between Transjordanian and Palestinian identities, and the ongoing efforts to forge a cohesive national identity amid socio-political challenges.

The Ottoman Era

During Ottoman rule, Jordan did not exist as a distinct administrative entity. Consequently, there was no Jordanian political society as it is today. Instead, individuals primarily identified themselves based on tribal affiliations, geographic constraints, or religious associations (Fathi, 1994). Moreover, Transjordanians shared similar patterns of identity multiplicity with other populations in the Levant, lacking a unified national identity.

The twentieth century marked the political era in which Jordanian national identity began to take shape. The Al-Karak Revolution of 1910 was pivotal, representing an early effort to forge a Jordanian national identity (Salameh & El-Edwan, 2016). This uprising was a direct response to oppressive Ottoman policies, excessive taxation, and the Turkification agenda, a policy widely regarded as discriminatory. The revolution, which began in Al-Karak, expanded to Al-Tafilah and Ma'an in the south. At the same time, in the north, farmers in Ajloun and nearby areas resisted Ottoman rule by refusing to pay taxes.

The Al-Karak Revolution inspired Arab nationalist movements in Damascus, the Druze Mountain, and the Hejaz, where it was perceived as an opportunity to unite Arab tribes and liberate them from Ottoman control (Rogan, 2002). However, following the end of World War I and as a result of the Sykes-Picot Agreement and the San Remo Conference, Arab territories were divided between Britain and France, Faisal's rule in Syria ended in 1920, and Jordan was placed under the British Mandate (Salameh & El-Edwan, 2016).

The Era of King Abdullah I

The Umm Qais Conference, held on September 13, 1920, was the first national and political initiative in Jordan's history. The participants advocated for establishing an independent Arab government led by an Arab prince (Fromkin, 1989, p. 505) Consequently, the conference represented a foundational moment in shaping Jordanian national identity, stemming from a pan-Arab nationalism concept.

By the end of 1920, Prince Abdullah traveled from the Hejaz to Ma'an in southern Jordan, accompanied by fighters from Syria, Palestine, the Hejaz, and other regions. He intended to organize and lead the resistance against French forces in Syria and restore Arab rule (Salameh & El-Edwan, 2016). When Prince Abdullah established the modern Jordanian state, he adopted a paradoxical approach to governance. On one hand, he sought to centralize authority in a territory characterized by tribal and regional divisions. On the other hand, Prince Abdullah employed the British strategy of "divide and rule" in managing Transjordanian tribes, using a policy of containment and patronage (Salameh & El-Edwan, 2016). He granted privileges to confident tribal leaders by awarding them ranks and government positions. He also distributed financial incentives and gifts, fostering a system where each tribe prioritized its own interests. This approach led to intertribal rivalries and, eventually, tensions between the tribes and the state (Khaza'aleh, 2013).

Simultaneously, Prince Abdullah pursued a Pan-Arab Nationalism vision for Jordan. He established Jordan's first organized military force, the "Arab Legion" (Salameh & El-Edwan, 2016). He appointed numerous non-Transjordanians – many of these officials prioritized British interests – to key government positions, including the prime minister's office. However, most Transjordanians did not welcome the Pan-Arab Nationalism vision of Prince Abdullah at that time. For instance, in 1929, the First Jordanian Legislative Council passed a law mandating the dismissal of foreign employees and their replacement with Transjordanians (Salameh & El-Edwan, 2016). In response, Prince Abdullah's government refused to enforce the law and granted Jordanian citizenship to hundreds of foreign employees. In return, members of the Legislative

Council denounced these naturalizations as illegitimate. According to historian Dr. Ali Mahafzah, between 1921 and 1946, Jordan formed 18 different governments, chaired by eight individuals—three of whom were Syrians, three Palestinians, one Lebanese, and one Hijazi. Notably, no Transjordanian held the position of prime minister until Jordan's full independence in 1946 (Mahafzah, 1973).

The growing dissatisfaction among Transjordanians culminated in the Al-Adwan Revolution of 1923, driven by the nationalist slogan *"Jordan for Jordanians."* Protesters demanded the dismissal of foreign officials from government positions, but Prince Abdullah remained committed to his Pan-Arab Nationalism policies and did not heed their demands (Salameh & El-Edwan, 2016). Meanwhile, the national struggle for independence persisted through uprisings and nationalist rebellions against British rule.

In 1928, the First National Conference – the first legitimate representation of Transjordanians – adopted the National Charter, which marked a pivotal moment in the evolution of the Jordanian National Movement. The Charter emerged following the enactment of Jordan's first constitution, known as the Basic Law, which concentrated all political authority in the hands of Prince Abdullah. This constitution disappointed many Transjordanians who hoped for a parliamentary democracy (Al-Saadi, 2011). Subsequent national conferences reinforced the growing political awareness and demands for self-governance. The Second National Conference was held in 1929, followed by the third in 1930, the fourth in 1932, and the fifth in 1933 (Salameh & El-Edwan, 2016).

The significance of these conferences lay in their resolutions, which unequivocally rejected the British Mandate and asserted that the government should be accountable to an elected parliamentary council. During this period, the defining features of Jordanian national identity began to take shape alongside the foundational principles of the Jordanian National Movement's political struggle. This momentum ultimately culminated in Jordan's independence in 1946. At this juncture, Jordanian national identity had reached its apex, as widespread national consciousness and unity fueled a determined collective effort toward self-determination and political sovereignty.

During the reign of Prince Abdullah, Jordanian national identity was significantly influenced by his political ambitions. From his arrival in Jordan in 1921 until his assassination in the West Bank in 1951, Prince Abdullah remained steadfast in his aspiration to establish a Greater Syria. He viewed the establishment of Jordan as a preliminary step toward realizing this vision. However, after meeting with Winston Churchill, the British Colonial Secretary, Prince Abdullah agreed to govern Jordan in a manner that would not jeopardize British or French interests. As part of this agreement, the prince adhered to the political framework established by the Balfour Declaration, which supported the creation of a Jewish state in Palestine (Salameh & El-Edwan, 2016). This political stance led to tensions between Prince Abdullah and Al-Haj Amin Al-Husseini, the leader of the Palestinian resistance, and remains embedded in Palestinian historical memory and continues to influence contemporary political discourse.

The 1948 Arab-Israeli War

The significant presence of Palestinians in Jordan can be traced back to the 1948 War, which resulted in the displacement of over 700,000 Palestinians. Approximately 70,000 of these individuals migrated directly to the East Bank of the Jordan River, which had a largely Transjordanian population of around 440,000 (L. A. Brand, 1995). The political transformations of the region, particularly the 1948 Arab-Israeli war, coupled with internal rivalries between prominent Palestinian families such as the Nashashibis and the al-Husseinis, paved the way for the annexation of the West Bank. This annexation was orchestrated through a series of national conferences, the most significant of which was the Jericho Conference on December 1, 1948. At this gathering, Palestinian leaders called for the incorporation of the West Bank into Jordan and pledged allegiance to Abdullah bin Hussein as the king of the unified state (Salameh & El-Edwan, 2016).

However, the legitimacy of this union was contested, as most Palestinian representatives at the conference had been appointed by Prince Abdullah and could not be considered genuine representatives of the Palestinian people based on national electoral standards (Richmond, 1989). Furthermore, no referendum was conducted to gauge public opinion on either the West or East Bank, raising concerns regarding the legality and integrity of the unification process (Salameh & El-Edwan, 2016). Despite skepticism regarding the legitimacy of Jordanian rule, the state emerged as a sanctuary, providing refuge for immigrants from various backgrounds (Salameh & El-Edwan, 2016). Following the unification of the two banks, a significant demographic shift occurred, as the state's population reached approximately one million, with two-thirds residing in the West Bank and nearly half a million classified as refugees across both banks (Mishal, 1978).

The Jordanian government extended full citizenship to Palestinian refugees in 1950, further shaping its national identity and distinguishing it from its regional counterparts. Palestinians largely accepted the status quo and actively contributed to its development. They sought political participation, advocating for a transition to a parliamentary democracy, as previously promised (Awwad, 2005, p. 7). In response to these changes, the government conducted parliamentary elections for both East and West Banks, and Palestinians and Transjordanians had equal legal rights to participate. However, legal scholar Dr. Anees El-Qasim argues that this citizenship was imposed from above, as the Jordanian government unilaterally extended nationality to Palestinians without their explicit request. He contends that this action contravened international law, which emphasizes the right to choose one's nationality freely and effectively annulled Palestinian nationality as previously defined under Palestinian law (Salameh & El-Edwan, 2016)

Despite these legal and political complexities, the unity between Transjordanians and Palestinians fostered shared rights in ownership, investment, employment, and participation in political parties and professional unions. Consequently, Jordanian national identity evolved into a composite of two primary components: Transjordanians and Palestinians. Nevertheless, the representation of Palestinians in state institutions did not echo this so-called unification. For instance, in the first senate of the unified state, Transjordanians held 13 of the 20 seats, including the speaker, despite Palestinians constituting two-thirds of the total population (Abu-Odeh & Delvoie, 2000, p. 126). These policies and historical events have had enduring consequences, shaping contemporary political and social dynamics in Jordan. The national and communal integration that ostensibly followed the unification of the East and West Banks was, in reality, superficial and did not take deep root within society. It was unrealistic to expect Palestinians to forgo their national identity and fully assimilate into a new Jordanian identity, a process that could be described as a coercive form of "Jordanization."

The Era of King Hussein-bin-Talal

For King Hussein, the unification of the two banks was sacred, serving as a potential foundation for broader Arab unification. In the early years of his reign, a degree of harmony existed between Transjordanians and Palestinians, fostering mutual interests. Jordan actively sought to forge a unified national identity encompassing both groups, yet many Palestinians remained steadfast in their Palestinian identity. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) played a pivotal role in reinforcing this identity, as it encouraged Palestinians to define themselves as such to access the agency's services (Kayyali, 2012).

The Rise of the Palestinian Liberation Organization

By the mid-1960s, Palestinian national identity began taking shape in a political context with the rise of the Palestinian Liberation Organization (PLO). The emergence of the PLO marked a turning point in Jordan's internal dynamics, as it underscored the growing divide between Jordanian and Palestinian identities (Salameh & El-Edwan, 2016). The presence of the PLO in Jordan profoundly affected Transjordanian-Palestinian relations within East Bank society. This development heightened tensions and sparked conflicts between Transjordanians and Palestinians, leading to unresolved questions regarding Palestinian loyalty to the Jordanian regime and the state's policies toward its Palestinian population (Fruchter-Ronen, 2008, pp. 244-260). Consequently, Palestinians became perceived as a destabilizing force within Jordan, while Transjordanians were regarded as the foundation of stability and security.

At the 1965 Arab Summit in Morocco, PLO Chairman Ahmed Al-Shuqairi and King Hussein asserted that "Jordan is Palestine, and Palestine is Jordan," yet their interpretations of this statement diverged. For King Hussein, it reaffirmed the unity of the two banks and Jordan's sovereignty over the West Bank. In contrast, for Shuqairi, it symbolized the independence of Palestinian political decision-making and, potentially, a move toward separation (Abu-Odeh & Delvoie, 2000, p. 120). Despite the turbulent relationship between Jordan and the PLO, the Jordanian monarchy remained committed to maintaining unity between the two banks. Between 1950 and 1967, Jordan pursued policies aimed at integrating Palestinians into Jordanian society, using Islam and Pan-Arab Nationalism as unifying frameworks (Salameh & El-Edwan, 2016). However, these integration efforts largely failed, particularly in the West Bank, where Palestinians remained deeply connected to their national identity and prioritized their liberation struggle. Palestinian identity demonstrated resilience and persistence despite external pressures.

The Aftermath of the 1967 War and the Events of Black September

The 1967 war set the stage for the tensions that culminated in the events of September 1970, “Black September,” when violent clashes between the Jordanian government and Palestinian factions erupted. The year 1970 marked a pivotal moment in forming Jordanian national identity. The outbreak of civil war in September of that year signified an attempt to redefine national identity. It exposed the fragility of national unity in Jordan, effectively delineating the boundaries between Palestinians and Jordanians in the East Bank.

Following these brutal events, a distinct Jordanian national identity emerged, characterized by key tribal traditions and allegiance to the Hashemite monarchy. The Jordanian state intensified efforts to reinforce Jordanian national identity, emphasizing loyalty to tribal affiliations, villages, and geographic regions to foster allegiance to the regime (Robins, 2019, p. 118). This shift also gradually repudiated Arab identity as a defining component of Jordanian national identity.

Meanwhile, many Palestinians viewed Jordan as a temporary refuge rather than a homeland, resisting efforts to assimilate into a hybrid Jordanian identity (Mishal, 1978, p. 114). The rise of Palestinian national identity contributed to the growing national consciousness of Transjordanians, as the conflict between the two identities played a crucial role in shaping Jordanian identity during this period (Hudson, 1977, p. 120).

In 1974, the Arab League recognized the PLO as the sole legitimate representative of the Palestinian people in occupied territories and the diaspora (Salameh & El-Edwan, 2016). While Jordan formally supported the establishment of an independent Palestinian entity upon the liberation of Palestinian lands, this recognition also led to a shift in Jordan's internal policies. In response to the growing assertion of Palestinian identity, Jordan focused on consolidating its national identity and reinforcing its sovereignty. Consequently, narratives emerged suggesting that Jordan was becoming a state primarily for Transjordanians, reflecting the growing divide between Jordanian and Palestinian national identities.

The Disengagement from the West Bank and the Gulf War

On July 31, 1988, King Hussein officially declared Jordan's legal and administrative disengagement from the West Bank, responding to the PLO's request and broader Arab pressure (Salameh & El-Edwan, 2016). King Hussein emphasized that the decision to unify the two banks in 1950 was based on a resolution by the Jordanian Parliament and was never intended to be a permanent arrangement. Thus, unity was held in trust until the Palestinian people could exercise their right to self-determination. As a consequence of the disengagement, residents of the West Bank were no longer subject to Jordanian nationality. Instead, they become under the PLO's administration and the Israeli occupation (Salameh & El-Edwan, 2016). This significant change had profound legal and political implications, effectively redefining the status of Palestinians in Jordan and reinforcing the division between Jordanian and Palestinian national identities.

In the aftermath of the Iraqi occupation of Kuwait in 1990, approximately 250,000 Palestinians were forced to return to Jordan, with nearly 200,000 of them holding Jordanian nationality (Watch, 2010). This mass displacement strained Jordan's economy and further altered the country's demographic balance.

The Arab-Israeli Peace Process

Following the 1991 Madrid Conference, Jordan represented the Palestinians, who were denied the right to negotiate separately by both the Israelis and the Americans (L. A. Brand, 1995). However, as the Palestinians began operating with greater autonomy in negotiations, tensions arose due to a perceived lack of coordination between the two sides. These frustrations persisted until August 1993, when the Oslo Accords were announced (L. A. Brand, 1995). The exclusion from the sensitive negotiations bothered

King Hussein, who responded with an implicit ultimatum to the PLO in a speech to military officers on January 1, 1994 (L. A. Brand, 1995). Subsequently, each instance of perceived Palestinian inconsistency or unilateral decision-making led to renewed tensions at the state level, which often found expression in public discourse and media commentary.

The signing of the Declaration of Principles (DOP) marked a significant turning point. The potential establishment of a Palestinian entity raised fundamental questions about the citizenship status of Palestinians residing in Jordan. Meanwhile, tensions resurfaced when it became evident that Jordan was advancing independently toward a peace agreement with Israel. The signing of the Washington Declaration by King Hussein and Israeli Prime Minister Yitzhak Rabin formally ended the state of belligerency between the two nations, prompting expressions of concern from the PLO over the apparent lack of consultation. A particularly contentious issue was the declaration granting the Hashemite monarchy a unique role in overseeing Islamic holy sites in Jerusalem, which in turn reignited the intercommunal tensions.

With the signing of the peace agreements between the Palestinians and Israel in 1993 and between Jordan and Israel in 1994, the issue of Palestinian refugees was postponed to the final stage of the peace process—a stage that remains unresolved. Jordan, as the largest host of Palestinian refugees outside of Palestine, housed over two million refugees at the time (Salameh & El-Edwan, 2016). The peace process required addressing and resolving the consequences of past conflicts, particularly the refugee crisis. However, Jordan relinquished its direct role in this matter, as Article 8 of the *Wadi Araba Treaty* framed the refugee issue as a humanitarian concern stemming from the broader Middle East conflict—one that could not be fully resolved through bilateral agreements alone. Instead, Jordan deferred the matter to a quadripartite commission tasked with implementing United Nations programs for refugees and displaced persons and facilitating their resettlement ("Wadi Araba Agreement,"). This treaty represented the first formal political document signed by Jordan that implicitly endorsed the resettlement of Palestinian refugees rather than advocating for their right to return. Meanwhile, under the *Oslo Agreement* 1993, Palestinian negotiators also moved away from the right of return. Article 12 of the convention outlined that the quadripartite commission would determine procedures for returning displaced persons from the West Bank and Gaza Strip to ensure an orderly process and prevent disorder ("Oslo Accord,").

At this stage, it was not easy to fully assess the responses of both Transjordanians and Palestinians to the peace process. The business community, comprising both Palestinians and Transjordanians, emerged as one of the strongest supporters of the peace process, anticipating increased foreign investment in Jordan. On the Palestinian side, the announcement of the Oslo Accords was shocking and frustrating. Among 1948 Palestinian refugees, frustration with Arafat intensified, as the agreement offered them little in terms of resolution. While Palestinians could not directly fault Hussein for signing the agreement after Arafat had paved the way, they were unsettled by the rapid pace of Jordanian-Israeli negotiations. The continued progress on the Jordanian-Israeli front, juxtaposed with stagnation and deterioration in Palestinian-Israeli negotiations, only deepened Palestinian frustration and resentment.

The Era of King Abdullah II

Upon his ascension to the throne in 1999, King Abdullah II initiated a reform and modernization agenda, prioritizing establishing a cohesive national identity. Meanwhile, Palestinians demanded equitable representation in state institutions. However, addressing these demands necessitated fundamental political changes that the regime was unable or unwilling to implement.

In 2002, King Abdullah II introduced the Jordan First Initiative to reinforce modern democratic principles, cultivate loyalty among citizens, promote tolerance, uphold the rule of law, and ensure public freedoms, accountability, justice, and equality (Salameh & El-Edwan, 2016). This initiative underscored the primacy of Jordan's national interests, emerging in response to internal and external challenges, particularly after the outbreak of the Second Palestinian Intifada in 2000. However, critics argued that the new regime abandoned the Pan-Arab Nationalism concept – a foundational element of Jordanian national identity (Ryan, 2004, p. 13).

Subsequent initiatives, such as the National Agenda in 2005 and the We Are All Jordan Initiative, prioritized political and economic reforms rather than explicitly addressing national identity. However, the broader reform and democratization processes faced stagnation due to two conflicting political discourses (Salameh & El-Edwan, 2016). One promoted the establishment of a modern state based on institutional governance, the rule of law, justice, equality, citizenship, dialogue, pluralism, and democratic principles—the other reinforced tribalism and regionalism. As a result, the vision of a unified national identity remained elusive, overshadowed by discussions of incomplete and contested rights.

Chapter IV

Intercommunal Tensions

The interplay between Transjordanian and Palestinian identities has been a defining feature of Jordan's socio-political landscape, often manifesting in intercommunal tensions. Rooted in historical, political, and economic factors, these tensions have shaped national identity discourse and influenced state policies. While tribal affiliation and military service have historically been central to Transjordanian identity, Palestinian identity has been deeply tied to displacement, nationalism, and the right to return. The influx of Palestinian refugees following the 1948 and 1967 wars, the political ambitions of Jordan's leadership, and shifting regional dynamics have further complicated the integration of these identities into a cohesive national framework.

Political developments, such as Black September, the disengagement from the West Bank, and economic liberalization, have exacerbated the divide, fostering perceptions of exclusion and competition. This chapter examines the historical evolution of Transjordanian and Palestinian identities, the factors contributing to intercommunal tensions, and the broader implications for Jordan's national identity and stability.

Transjordanian Identity

Undoubtedly, the tribal concept has historically played a crucial role as a foundation of social belonging, prestige, and patronage for the majority of Transjordanians. The enduring significance of tribal identity in Jordanian society is evident in political outcomes, such as the results of the 1993 parliamentary elections, which reflected the continuing influence of tribal networks (L. A. Brand, 1995).

Over the years, the Jordanian regime has further entrenched tribal affiliation within East Banker identity by structuring political recruitment and patronage around tribal connections. However, not all tribes have benefited equally from state support.

Beyond tribal affiliation, another fundamental yet underexplored aspect of Transjordanian identity has been their role within the state apparatus, both in civilian and military capacities. For instance, military recruitment primarily drew from the Transjordanian population. King Hussein viewed Transjordanians as more loyal and dependable than Palestinians (L. A. Brand, 1995).

Although not all Transjordanians belonged to these favored tribes, state employment—especially in the military and security sectors—became a defining element of what it meant to be "Jordanian" for many East Bankers. This strong association between national identity and public sector employment reinforced the state's reliance on Transjordanians as the backbone of its institutions, further entrenching their privileged position within Jordan's socio-political landscape.

Palestinian Identity

Since their mass displacement in 1948, distinctions among Palestinians and Transjordanians have evolved and become more pronounced over time. However, Palestinian identity remains fundamentally shaped by tribal attachment, a profound sense of loss and injustice at the hands of the international community, and the principle of the right to return.

The Palestinian population in Jordan can be categorized into four groups: (1) Palestinian refugees—whether they are refugees from 1948 or 1967—the sense of Palestinian identity is extreme. In many cases, this identity exists in contrast to or even in opposition to Jordanian national identity, except in the pragmatic sense of holding Jordanian passports (L. A. Brand, 1995); (2) Middle-class Palestinians, including small merchants and lower-level government employees. While Palestinian identity remains strong within this group, their relative economic success and social integration have generally tempered any hostility toward a Jordanian identity. Members of this group have increasingly expressed a sense of attachment to Jordan and have, at the very least, demonstrated loyalty to the king (L. A. Brand, 1995); (3) Palestinians who have attained significant business success and, in some cases, in the upper echelons of the bureaucracy. Following the conflicts of black September, these Palestinians largely embraced political passivity in exchange for a stable environment conducive to economic prosperity (L. A. Brand, 1995). Over time, this group, alongside the predominantly Transjordanian-staffed military and security forces, became a key pillar of support for the regime, particularly during the economic upturn driven by the Gulf oil boom. Unlike other groups, these individuals often see no contradiction in identifying as Palestinian and Jordanian. Children of these groups raised in the East Bank developed a genuine sense of belonging and attachment to Jordan. While they remain proud of their Palestinian heritage, factors such as prolonged residence, the lack of a viable resolution to the Palestinian issue, or both have led many to perceive their future as tied to Jordan. Consequently, intermarriage between Palestinians and Transjordanians within this younger generation has become more prevalent, though it remains largely confined to middle—and upper-class circles in Amman (L. A. Brand, 1995). Finally, (4) Palestinians who migrated to the Gulf oil states for employment. These individuals regarded their Jordanian passports as a matter of convenience rather than a foundation for identity or belonging. They generally avoided engagement with Jordanian consular offices in the Gulf and minimized their visits to Jordan. However, since approximately 250,000 had to return to Jordan following the Gulf War in 1991, many expressed little attachment to Jordan as a homeland (L. A. Brand, 1995).

The Intercommunal Tension

The rapidly evolving historical events have contributed to the tensions between Transjordanians and Palestinians. The trauma of the 1948 Nakba, which resulted in mass displacement and forced removal from their homeland, further solidified Palestinian national consciousness. These experiences fostered a resilient Palestinian identity among those who remained within historic Palestine and those in the diaspora (Farsoun, 2003).

King Abdullah I and His Political Ambitions

Following the annexation of the West Bank, tensions between Transjordanians and Palestinians surfaced in various aspects. This inability to merge the two identities under a single national framework resulted in the emergence of distinct and sometimes conflicting identities within the same state.

The Jordanian government, under the banner of Pan-Arab Nationalism and political unity, was perceived by Palestinians as attempting to subsume their national identity under Jordanian rule, thereby strangling any independent Palestinian political expression. Conversely, many Transjordanians felt that this new phase marginalized and diluted their own national identity, creating a sense of disempowerment and alienation.

King Abdullah's – who was assassinated in 1951 by a Palestinian – political ambitions and his negotiations with Zionist leaders regarding the future of the territory have been widely perceived by Palestinians as acts of betrayal (L. A. Brand, 1995).

Following the annexation of the West Bank, Jordanian authorities prohibited the use of the term "Palestine" in official government documents and organizations. While the intent behind this policy was the "Jordanization" of both communities rather than the erasure of Palestinian identity, it nonetheless deepened feelings of alienation among Palestinians (L. A. Brand, 1995).

However, it is crucial to note that the Transjordanian-Palestinian divide is not absolute. Some prominent Palestinian families had aligned with King Abdullah I rather than with al-Haj Amin al-Husayni, the leader of the Palestinian nationalist movement during the Mandate period. Over time, these influential families—who saw no inherent contradiction between Palestinian and Transjordanian—integrated into Jordan's political and elite circles, particularly in Amman. On the other hand, just as specific Palestinians became key supporters of the regime, various Transjordanians—across different political affiliations and historical periods—have been among its most vocal opponents, particularly evident in the 1950s when Arab nationalist opposition movements attracted numerous Transjordanian members. A decade later, the Palestinian resistance movement also managed to recruit Transjordanians, primarily from among leftist factions opposed to the monarchy and northern communities that maintained strong ties with Syria or harbored resentment toward Hashemite rule.

King Hussein and the Palestinian Liberation Organization

King Hussein’s antagonism toward pan-Arab Nationalism and his intent to join the Baghdad Pact in 1956 placed him at odds with Palestinian nationalist sentiments (L. A. Brand, 1995). Many Palestinians, especially those who played a prominent role in the Arab nationalist movement, opposed this policy.

The establishment of the PLO in 1964, along with the subsequent institutionalization of Palestinian Nationalism, provided many Palestinians with an alternative political and national allegiance (L. A. Brand, 1995). From its inception, the PLO challenged the Hashemite monarchy’s claim to Palestinian loyalty. The growing divide between the Jordanian state and the institutional structures of Palestinian Nationalism ultimately culminated in the violent confrontations of black September, which resulted in the expulsion of Palestinian resistance factions from Jordan. Moreover, from the perspective of many Transjordanians, the Palestinians were not only ungrateful for the refuge Jordan had offered them but were also perceived as traitors.

As a result, a "Transjordanian first" policy began to take shape. Whether as a means to appease Transjordanians, marginalize Palestinians, enhance security, or a combination of these factors, the government began systematically favoring Transjordanians in public sector employment. This policy further reinforced the pre-existing dominance of Transjordanians in the upper echelons of the military, which had long been their stronghold (L. A. Brand, 1995).

Consequently, bureaucratic processes such as obtaining a passport, driver’s license, university fellowship, or business registration required Palestinians to navigate a strictly Transjordanian-dominated bureaucratic system, which, in turn, led to widespread

Palestinian grievances over their perceived marginalization, as many believed that tribal connections allowed Transjordanians to bypass bureaucratic hurdles (L. A. Brand, 1995).

Meanwhile, during the mid-1970s oil boom, Palestinian capital accumulated in the Gulf began flowing into Jordan, most visibly fueling a construction boom in Amman. This influx of wealth further widened the socio-economic gap between Palestinians and Transjordanians. The stark contrast between the economic prosperity of the Palestinian private sector and the relative economic stagnation of the Transjordanian-dominated public sector became increasingly apparent. Economic disparities closely followed intercommunal lines, with Palestinians largely dominating private enterprise while Transjordanians remained concentrated in government employment. This dynamic reinforced tensions and deepened perceptions of economic and political exclusion on both sides.

The Arab League's decision in 1974 to recognize the PLO as the sole legitimate representative of the Palestinian people heightened intercommunal tensions and contributed to King Hussein’s decision to indefinitely suspend the Jordanian parliament, where half of the seats had been allocated to West Bank representatives (L. A. Brand, 1995).

Arguably, the lowest point in Palestinian-Transjordanian relations in the post-1971 period occurred in 1988 when King Hussein announced Jordan’s administrative and legal disengagement from the West Bank. This decision effectively stripped West Bank Palestinians of their Jordanian citizenship.

The Gulf Crisis

During the Gulf Crisis, support for King Hussein’s anti-coalition stance momentarily bridged the communal divide, with both Palestinians and Transjordanians participating in joint demonstrations. However, the aftermath of the 1991 Gulf War soon intensified existing tensions. Inflation negatively impacted all sectors of society but was particularly burdensome for the low-income Transjordanian-dominated public sector. The sudden influx of approximately 250,000 returnees—predominantly Palestinians from Kuwait—further exacerbated unemployment, strained public services, and drove up food and housing costs.

These returnees settled mainly in Amman and other major urban centers, where they found employment primarily in the private sector, particularly in real estate, services, and trade (Salameh & El-Edwan, 2016). Meanwhile, the southern regions of Jordan, where Transjordanians were predominantly concentrated, saw little benefit from their economic contributions. Many Transjordanians perceived these developments as yet another instance of their gradual displacement by successive waves of "outsiders" who were seen as controlling the kingdom's wealth and poised to expand their influence. This geographical and economic divide further deepened social and political disparities between the two communities.

The Political and Economic Liberalization

The processes of political and economic liberalization have been closely intertwined. Economic restructuring aimed to reduce the state’s role in the economy, downsize the public sector through hiring cutbacks, eliminate subsidies, and privatize state-owned enterprises. Given the long-standing Palestinian predominance in the private sector and Transjordanian reliance on public sector employment, economic liberalization posed a direct challenge to Transjordanian interests while seemingly favoring Palestinians.

On the other hand, political liberalization—marked by the retreat of the predominantly Transjordanian security forces—entailed a greater emphasis on human rights and a corresponding reduction in the influence of the security apparatus. It also created new avenues for freedom of expression. Both communities seized this opportunity to articulate long-standing grievances and contemporary concerns, often framing them in opposition.

Since the mass displacement of Palestinians after the 1948 War, Transjordanians fear the dominance of Palestinians, especially in the economic realm. On the other hand, Palestinians have been feeling excluded and marginalized. As Curtis Ryan observes, *"The pervasive power of the politics of identity, ethnicity, and nationalism can be used—and has been used throughout Jordanian history—to divide and rule, or even to bludgeon the democratic opposition into submission"* (Ryan, 2011, p. 575).

Chapter V

The Economic Aspect of the Jordanian National Identity Conflict

The economic dimension of the Jordanian national identity is a critical yet understudied factor shaping the country's social and political landscape. Since the mid-20th century, Palestinian entrepreneurs and investors have played a dominant role in Jordan's private sector, particularly in banking, real estate, and commerce. However, Transjordanians maintain control over the public sector, military, and state-owned enterprises, reinforcing a dual economic structure.

The economic aspect of the intercommunal divide in Jordan holds significant political implications. If Palestinians had genuinely succeeded in dominating Jordan's capital resources since the 1970s, one would expect that, at some point, their economic strength would translate into political power. Historically, economic power has been closely linked to political influence, yet a paradox exists in Jordan: while Palestinians have significant economic dominance, their political representation remains constrained.

Since the mid-1990s privatization efforts, the number of government-owned companies in Jordan has steadily declined. In addition to a small number of wholly state-owned enterprises, around thirty companies operate with partial government ownership, though the government is generally not the majority shareholder. Transjordanians manage most state-owned enterprises and are under the control of the Jordanian elite and government institutions, even when a Palestinian may hold an executive position. Therefore, these companies function as economic and political institutions, where strong connections with the Prime Minister often determine key appointments.

The extent of Palestinian economic influence has never been rigorously assessed, with most references relying on general perceptions rather than systematic studies. In this chapter, I investigate the economic trends in 1996 and 2024 to assess shifts in market capitalization, employment, and sectoral control. I focus on a specific aspect of the economic sector—large economic enterprises—for which information is relatively accessible. By identifying and categorizing the ethnic affiliation of company owners and CEOs, the study can differentiate between businesses under Transjordanian and Palestinian control. The fundamental premise of this research is that the proportion of Palestinians within major economic and business enterprises serves as a crucial—though not exclusive—indicator of Palestinian economic influence. An extension of this premise is the assertion that Palestinian capital, accumulated through various business ventures, is primarily directed toward investments in large economic enterprises rather than real estate to maximize wealth capitalization on a broader scale. Furthermore, I investigate the impact of privatization, foreign investment, and regional instability—particularly in light of the Gaza conflict—on Jordan's economic landscape. I attempt to evaluate how economic and political tensions shape national identity and foreign policy and whether the evolving economic imbalance has altered the longstanding power dynamics between Palestinians and Transjordanians.

The 1996 Jordanian Stock Exchange

The Jordanian Shareholding Companies Guide 1996 listed 173 companies, of which 120 were private enterprises (Reiter, 2004). Market capitalization—calculated as the value per share multiplied by the number of shares issued—serves as the primary indicator of economic value. Private firms alone accounted for 70% of the total market capitalization of all companies traded on the stock exchange (Reiter, 2004).

A classification of these firms based on the ethnic origin of their majority shareholders and CEOs indicates that Palestinians owned or managed more than half of these companies. However, their financial influence was more significant: the total market capitalization of Palestinian-owned/managed firms accounted for 85% of the total, compared to just 14% for Transjordanian-owned companies. This data underscores the predominance of Palestinian business interests in Jordan's private sector, particularly in the publicly traded corporate sphere (Reiter, 2004).

Banking Sector

Due to Jordan's economic vulnerabilities and limited natural resources, the banking and finance sector has emerged as the most crucial component of the business sector and national economy (Reiter, 2004). In 1996, banking alone accounted for nearly half (48%) of the total market capitalization on the Amman Stock Exchange—equivalent to JD 1.67 billion out of JD 3.48 billion. Additionally, one-third of all employees in publicly traded companies worked in the banking sector (Reiter, 2004).

The Arab Bank – owned by the Shouman family – and the Housing Bank were the largest financial institutions. In 1995, the Arab Bank alone had a market capitalization exceeding JD 1 billion, making up 62% of the total market capitalization of Jordanian banks and 30% of the market capitalization of all publicly traded companies with a workforce of 4,827 employees. Although 'Abd al-Majid Shouman, the Chairman and a major shareholder, personally held only 18% of the shares, the bank's overwhelming economic influence further reinforced the sectoral and ethnic dichotomy in Jordan's economy (Reiter, 2004).

The Top 11 Companies Listed on the Jordanian Stock Exchange in 1996

The sector-based division within Jordan's economy is particularly evident when examining large corporations based on two key economic indicators: (1) Market capitalization of companies traded on the stock exchange and (2) Workforce size. In 1996, the 11 largest companies in Jordan accounted for two-thirds of the total market capitalization of all publicly traded firms and employed 62% of the workforce in those companies (Reiter, 2004). An apparent dichotomy existed in the leadership of these major enterprises: Six banks were owned and managed by Palestinians, and Transjordanians controlled five government companies. In terms of market capitalization, private Palestinian-owned companies held 59% (JD 1,368 billion), while Transjordanian-controlled firms accounted for 41% (JD 933 billion) (Reiter, 2004). However, the major government-owned companies employed significantly more workers than the six largest Palestinian-owned/managed banks. Only 41% of the total workforce in these top 11 firms was employed by the Palestinian-managed banks, highlighting the employment disparity between the private banking sector and state-owned enterprises.

The 2024 Jordanian Stock Exchange

I analyzed 161 companies listed on the Jordanian stock exchange in 2024, with a total market capitalization of 17,554,828,491 Jordanian dinars (JD) and a workforce of 49,804 employees. The total number of listed shares across all sectors amounts to 6,202,784,898, distributed among 19 sectors (Table 1). In terms of listed shares, the banking sector ranks first (48.3%) with nearly 3 billion shares, followed by the real estate sector (7.9%) and the mining and extraction sector (7.1%) (Figure 1). Similarly, regarding market capitalization, the banking sector leads (43.8%, approximately 8 billion JD), followed by the mining and extraction sector (33.9%), with a market value close to 6 billion JD (Figure 2). Regarding workforce distribution, the banking sector employs the largest number of workers (20,822 employees, 41.8% of the total workforce), followed by the energy and utilities sector (6,870 employees, 13.8%) and the mining and extraction sector (5,009 employees, 10.1%) (Figure 3).

Table 1. The Sectors of Publicly Traded Companies on the Jordanian Stock Exchange in 2024

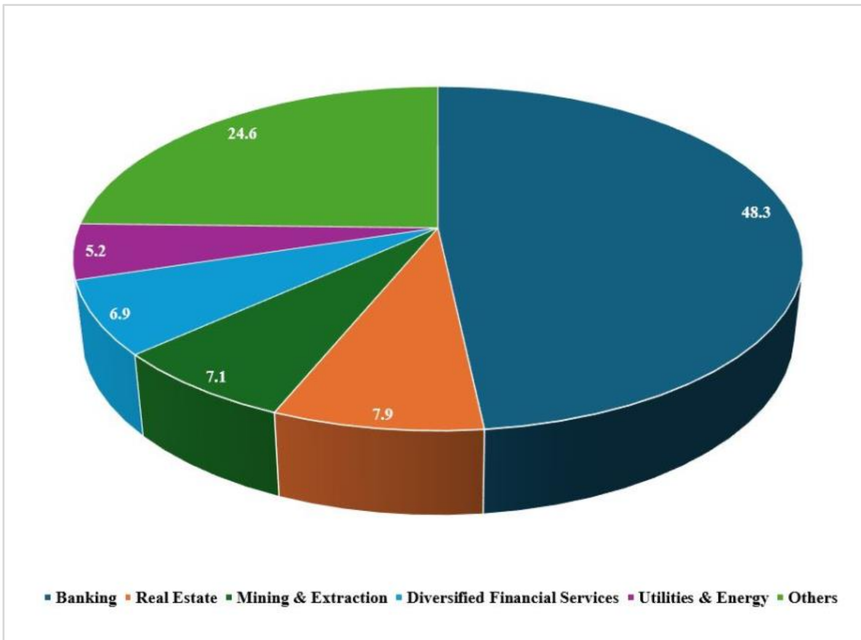
Sector	*Listed Shares*	*%*	*Market Capitalization*	*%*	*Workforce*	*%*
Banks	*2,994,492,122*	*48.3%*	*7,693,140,487.90*	*43.8%*	*20,822*	*41.8%*
Insurance	*241,674,312*	*3.9%*	*291,559,392.80*	*1.7%*	*2,438*	*4.9%*
Diversified Financial Services	*430,326,853*	*6.9%*	*274,015,250.40*	*1.6%*	*348*	*0.7%*
Real Estate	*488,810,696*	*7.9%*	*277,249,526.16*	*1.6%*	*588*	*1.2%*

Health Care Services	*40,000,000*	*0.6%*	*51,600,000.00*	*0.3%*	*925*	*1.9%*
Educational Services	*107,825,000*	*1.7%*	*291,196,250.00*	*1.7%*	*1727*	*3.5%*
Hotels and Tourism	*306,111,002*	*4.9%*	*249,832,227.95*	*1.4%*	*1387*	*2.8%*
Transportation	*96,770,000*	*1.6%*	*93,342,250.00*	*0.5%*	*846*	*1.7%*
Technology & Communication	*203,500,000*	*3.3%*	*543,450,000.00*	*3.1%*	*1,905*	*3.8%*
Utilities & Energy	*323,386,444*	*5.2%*	*1,014,892,791.24*	*5.8%*	*6870*	*13.8%*
Commercial Services	*153,665,475*	*2.5%*	*295,045,308.22*	*1.7%*	*1,199*	*2.4%*
Pharmaceutical	*52,000,000*	*0.8%*	*78,625,000.00*	*0.4%*	*1193*	*2.4%*

Chemical Industries	*34,754,887*	*0.6%*	*56,138,051.87*	*0.3%*	*392*	*0.8%*
Food & Beverages	*91,874,217*	*1.5%*	*241,201,880.75*	*1.4%*	*2730*	*5.5%*
Tobacco & Cigarettes	*16,963,089*	*0.3%*	*2,374,832.46*	*0.0%*	*364*	*0.7%*
Mining & Extraction Industries	*439,548,275*	*7.1%*	*5,944,528,985.31*	*33.9%*	*5009*	*10.1%*
Engineering & Construction	*131,082,526*	*2.1%*	*106,036,255.94*	*0.6%*	*721*	*1.4%*
Electrical Industries	*35,000,000*	*0.6%*	*20,300,000.00*	*0.1%*	*185*	*0.4%*
Textiles, Leathers & Clothing	*15,000,000*	*0.2%*	*30,300,000.00*	*0.2%*	*155*	*0.3%*

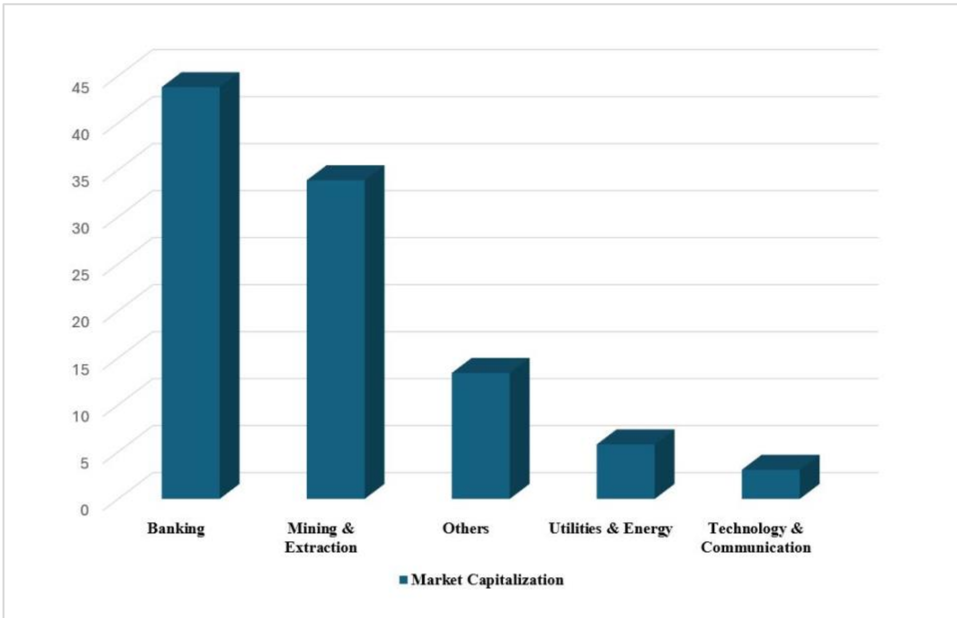
Source: Jordanian Stock Exchange, Shares [*https://www.ase.com.jo/en/bulletins/yearly/new*](https://www.ase.com.jo/en/bulletins/yearly/new)

Figure 1. Listed Shares of Publicly Traded Companies on the Jordanian Stock Exchange in 2024 (%)



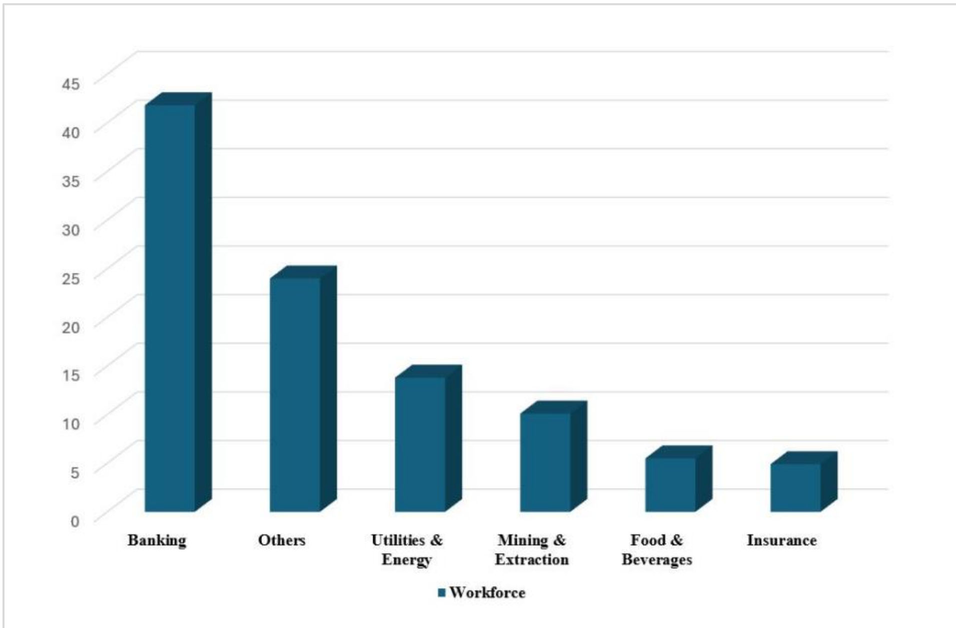
Source: Jordanian Stock Exchange, Shares
https://www.ase.com.jo/en/bulletins/yearly/new

Figure 2. Market Capitalization Distributed Among Sectors of Publicly Traded Companies on the Jordanian Stock Exchange in 2024



Source: Jordanian Stock Exchange, Shares
https://www.ase.com.jo/en/bulletins/yearly/new

Figure 3. Workforce Distributed Among Sectors of Publicly Traded Companies on the Jordanian Stock Exchange in 2024



Source: Jordanian Stock Exchange, Shares
https://www.ase.com.jo/en/bulletins/yearly/new

Banking Sector

The banking sector holds the largest share in multiple aspects. It employs 20,822 individuals, representing 41.8% of the total workforce, and has a market capitalization of 7,693,140,487.90 JD, accounting for 43.8% of the total market value. Additionally, the banking sector dominates in the number of listed shares, with 2,994,492,122 shares, constituting 48.3% of the total listed shares.

The Top 10 Companies Listed on the Jordanian Stock Exchange in 2024

In 2024, the top 10 companies in Jordan accounted for ~ 75%, with almost JD 13 billion of the total market capitalization of all publicly traded companies, and employed 44% of the total workforce of all listed companies. Notably, the six banks on this list are owned/managed by Palestinians with a total market capitalization of ~ JD 6.2 billion (47%), compared to the other four companies, which the government partially owns with a total market capitalization of ~ JD 6.8 billion (53%). However, it is worth noting that the government only owns ~ 26%, 33%, 35%, and 60% of Arab Potash Company, Jordan Telecom Group, Jordan Petroleum Refinery Company, and Jordan Phosphate Mines Company, respectively. Meanwhile, the six largest Palestinian-owned/managed banks have significantly more employees (58%) than the other partially government-owned companies (Table 2).

Table 2. The Top 10 Publicly Traded Companies on the Jordanian Stock Exchange in 2024

Company	Listed Shares	%	Market Capitalization	%	Workforce	%
Palestinian-Owned						
Arab Bank	640,800,000	10.3	2,883,600,000.00	16.4	3545	7.1
Housing Bank	315,000,000	5	1,052,100,000.00	6	2859	5.7
Jordan Islamic Bank	200,000,000	3.2	800,000,000.00	4.6	2419	4.9
Capital Bank	263,037,122	4.2	512,922,387.90	2.9	888	1.8
Bank of Jordan	200,000,000	3.2	438,000,000.00	2.5	1497	3
Jordan Kuwait Bank	150,000,000	2.4	432,000,000.00	2.5	1407	2.8
Total	**1,768,837,122**	**28.5**	**6,118,622,387.90**	**34.9**	**12615**	**25.3**
Partially Government-Owned						
Arab Potash CO	83,317,500	1.3	2,216,245,500.00	12.6	1704	3.4

Jordan Telecom	187,500,000	3	536,250,000.00	3	1644	3.3
JOR PETROLM REF	100,000,000	1.6	500,000,000.00	2.8	3298	6.6
JOR PHOSPHATE MN	247,500,000	4	3,571,425,000.00	20.3	2411	4.8
Total	**618,317,500**	**10**	**6,823,920,500.00**	**38.9**	**9057**	**18.1**

Source: Jordanian Stock Exchange, Shares
https://www.ase.com.jo/en/bulletins/yearly/new

The Jordanian Stock Exchange in 1996 Versus 2024

The Jordanian Stock Exchange comparison between 1996 and 2024 reveals notable changes in the total number of listed companies and market capitalization.

In 1996, the total number of companies listed on the Jordanian Stock Exchange was 173. By 2024, this number had slightly decreased to 161, indicating a modest reduction in the number of companies participating in the market over this period.

A more significant change is observed in market capitalization, which increased from JD 3 billion in 1996 to JD 17.5 billion in 2024, representing a fivefold increase, indicating substantial growth in the overall market value. The remarkable rise in market capitalization can be attributed to various factors, including an increase in the evaluation of existing companies, the introduction of new sectors, and broader economic developments supporting investor confidence and market expansion.

Although the banking sector remains the largest sector, its market share decreased from 48% of the total market capitalization in 1996 to 43.8% in 2024, despite a substantial rise in its overall market value from JD 1.67 billion in 1996 to JD 7.7 billion in 2024. However, the proportion of employees in the banking sector increased from approximately 33% of all employees in publicly traded companies in 1996 to 41.8% in

2024. This increase reflects the banking sector's growing impact on employment in publicly listed firms.

The top 10 firms now account for a greater share of market capitalization (75% in 2024 vs. 66% in 1996), indicating increased dominance of these companies over the Jordanian economy. While private Palestinian-owned firms held a larger market share in 1996, in 2024, ownership became more balanced. Palestinian-owned banks controlled 47% of the top firms' market value, and government-affiliated companies held 53%. In contrast to 1996, where government-owned firms employed more workers than Palestinian-managed banks, the trend reversed in 2024, with Palestinian-owned banks employing 58% of the total workforce. Hence, the concentration of employment among the largest firms has decreased, as they employed 44% of the total workforce in 2024 compared to 62% in 1996, suggesting greater workforce distribution across all sectors.

The Economic Strength of the Palestinian Population in Jordan

The perception of a dichotomous, sector-based economy divided between Transjordanians and Palestinians is supported by empirical analysis of major economic enterprises in Jordan. The Palestinian-dominated private sector's economic strength is primarily attributed to a single entity, The Arab Bank. The bank holds more than 16% of the total market capitalization and employs about 7% of Jordan's workforce. Palestinian wealth in Jordan is concentrated among a small group of top business figures rather than widely distributed across the community. However, Transjordanian control over government companies and bureaucratic institutions acts as a counterbalance, limiting Palestinian influence in national economic policy (Reiter, 2004).

The Palestinian dominance in Jordan's private sector extends beyond large businesses to real estate and commerce, further reinforcing the economic divide. Palestinians are major landowners in Jordan's urban centers and surrounding rural areas, particularly in Amman and its suburbs. After the 1990–1991 Gulf crisis, many returnees from Kuwait invested heavily in real estate.

The economic dichotomy is even more pronounced in intermediate and small-scale commerce, with estimates suggesting Palestinians control up to 90% of this sector. Palestinians own 11 out of 13 private universities in Jordan, transforming higher education into a profitable business sector (Reiter, 2004).

Transjordanian-Palestinian Economic Rivalry

Historical, educational, and political factors deeply influence the economic competition between Palestinians and Transjordanians. Palestinians outperformed Transjordanians in securing jobs in the Gulf states due to higher education levels and greater migration flexibility. Remittances from the Gulf enabled Palestinians—especially 1948 refugees—to purchase land and businesses, elevating many into the middle class. Palestinians control commerce, banking, real estate, and higher education, outclassing their Transjordanian peers in economic influence.

On the other hand, Transjordanians dominate the civil service, military, transportation, and public sectors. The ruling elite enforces affirmative action policies in higher education and state employment, ensuring continued government dominance. Although agriculture contributes only 6% to the GNP, Transjordanians monopolize key sectors, such as apple production, under political figures like Sulayman al-'Arar (Reiter, 2004).

Transjordanian nationalists' fear of Palestinian economic dominance is not entirely justified. While capital generates power, the Transjordanian political elite's control over public resources and policy continues to counterbalance Palestinian influence, ensuring a complex and ongoing economic rivalry.

The economic role of Palestinians in Jordan has sparked ongoing concerns among Transjordanian analysts, particularly regarding their financial influence and potential economic destabilization: Some Transjordanians worry that Palestinians could extend their economic control beyond the private sector into other critical areas of the Jordanian economy. In times of regional crisis, Palestinians might withdraw capital from Jordanian banks or sell off stocks, potentially destabilizing the economy. A precedent for this concern was the 1988 Jordanian disengagement from the West Bank, after which Palestinian withdrawals led to a sharp devaluation of the Jordanian dinar (Braizat, 1998; Garfinkle, 2019; Lynch, 1999; Robins, 1989). However, following King Hussain’s death, the Arab Bank, led by 'Abd al-Majid Shouman, played a stabilizing role, reinforcing confidence in the dinar.

On the other hand, others counterargue that Palestinians benefit from their investments in Jordan and thus have no incentive to undermine the economy. This perspective suggests a mutual deterrence dynamic: Transjordanians wield political power, allowing them to control government policies, whereas Palestinians hold economic power, but their success is tied to Jordan's financial stability. As a result, both groups have a vested interest in maintaining stability and avoiding actions that could harm their respective positions.

Palestinian Economic Dominance – Is It Converted into Political Power?!

Despite their dominance in Jordan's private economy, the Palestinians have not translated their economic strength into political power. Several factors contribute to this phenomenon: Jordan is a constitutional monarchy, where the king holds extensive powers, limiting the political influence of other groups. Parliamentary life was only revived in 1989, and political parties—banned since 1957—were only reintroduced in 1992, making the democratic system relatively underdeveloped (Milton-Edwards, 1993; Rath, 1994). Elections since 1989 have been mainly shaped by tribal affiliations, favoring Transjordanians rather than Palestinians. Palestinians have avoided forming independent political parties and preferred to align with other opposition groups, including urban factions, Arab nationalists, and Islamists, rather than act as a distinct political entity. therefore, their perceived opposition to the regime has made them suspect in Jordanian politics, further limiting their influence.

Another major obstacle to converting economic strength into political power is the nature of the Jordanian economy itself. Jordan belongs to third-world countries with rentier economies, but its situation is particularly extreme because of the heavy dependence on foreign aid (Brynen, 1992; Roberts, 1991; Salloukh, 1996). The government serves as the primary recipient of external financial assistance, controlling the allocation of investments according to its own priorities. This centralized economic structure grants the state significant influence over economic affairs, limiting the autonomy of the private sector, including Palestinian business elites. Unlike in economies where private capital wields considerable political influence, Jordan's economic model ensures that political authority remains concentrated in state institutions rather than among wealthy entrepreneurs.

The public sector further reinforces this imbalance, as it remains the largest employer in Jordan. Nearly half of the country's active workforce is employed by the state, and of these employees, approximately 75% are Transjordanians. This overwhelming presence in government institutions solidifies Transjordanians' control over the political and administrative apparatus. In contrast, the private sector, where Palestinians hold a dominant position, has historically been underdeveloped and often reliant on state patronage. This dependence prevents business leaders from independently influencing policy, as they must navigate a system where economic opportunities are closely tied to government approval and regulation.

As Laurie Brand has noted, conflicts of interest between merchants and industrialists prevent the private sector from forming a unified front to lobby for its interests (L. Brand, 1995, pp. 53-63). Additionally, its contribution to the national GDP remains modest compared to the public sector, further diminishing its leverage over state affairs. Unlike in some countries where business elites can shape economic policy through political engagement, the dominance of state-controlled enterprises in Jordan restricts the ability of private capital to exert meaningful political influence.

However, since the mid-1990s, Jordan's economic conditions have shifted due to prolonged recession and structural adjustment programs imposed by the International Monetary Fund. The government has been forced to engage more with the private sector, particularly with the wealthiest business elites, as part of a broader push toward privatization and economic liberalization. King Abdullah II emphasized in an interview the importance of the economy in his agenda (Middle East Insight, 2000) A parallel can be drawn to Anwar Sadat's Egypt, where Osman Ahmad Osman, an influential businessman, was encouraged to take on ministerial and political roles to support economic reforms (Baker, 1990). While this suggests that Jordan's private sector may gradually gain more influence in economic policy-making, the overarching structure of the economy continues to limit the extent to which private wealth can translate into political power.

Ultimately, the Jordanian government's control over economic resources, combined with the entrenched dominance of the public sector and the fragmentation of private business interests, prevents Palestinian economic elites from converting their financial strength into political influence. Although privatization efforts may provide new opportunities for private sector involvement in governance, the state's grip on economic decision-making ensures that political authority remains firmly in the hands of the Transjordanian elite.

The era of King Abdullah II has witnessed a dramatic elevation of the status of elite Palestinian figures. One notable example is Dr. Basim' Awadallah, a Palestinian professional economist who initially served as the Director of the Economic Department at the Royal Court before later being appointed to the Cabinet (Reiter, 2004). His rise in governmental circles underscores the growing recognition of economic expertise, regardless of ethnic background. Similarly, the establishment of the Economic Consultative Council by King Abdullah II in December 1999 further reflected this trend. Of the council's 20 members, 14 were businessmen and financiers, including seven of

Palestinian origin, such as Sabih al-Masri, former minister Rima Khalaf, and Dr. Basim' Awadallah (Reiter, 2004).

King Abdullah II conferred significant prestige upon the Economic Consultative Council, leading some to perceive it as a shadow government in economic affairs. King Abdullah's active involvement reinforced this notion, as he chaired the council's inaugural meeting, accompanied by the Prime Minister and several Cabinet ministers. He intended to advance economic initiatives previously lacking momentum within the government, such as the 'Aqaba Project. To oversee this endeavor, the king appointed 'Ali Abu al-Raghib, the Chairman of the Finance and Economics Committee of the House of Representatives, who later became Prime Minister (Reiter, 2004). Abu al-Raghib, a businessman with a background in construction and public works, had previously led the Builders Association. His rise to political prominence was primarily attributed to his close personal relationship with the king, illustrating the intersection of business and governance in Jordan.

The work of the Economic Consultative Council was conducted under the pretext of "internal discussions," aimed at informing the palace of the public sector's perspectives. The significant presence of private sector representatives, including Palestinians, within this body signals the growing influence of the Palestinian economic elite in Jordan. While Palestinian business leaders have historically struggled to translate their economic power into political influence, King Abdullah's emphasis on private sector development suggests a potential shift in this dynamic. His endorsement of business-oriented policy-making might open new opportunities for Palestinian economic figures to play a more active role in shaping the kingdom's political landscape. However, the extent to which this translates into actual political power remains uncertain, given the continued prioritization of Transjordanian interests in the public sector.

The composition of Jordan's business community is another key factor in understanding the country's economic and political power dynamics. Many of the leading family-run corporations today are managed by the descendants of merchants who migrated to Transjordan after World War I. These families came from various regions, including Syria, Lebanon, and Palestine (Reiter, 2004). Notable examples include the Tabba family from Syria and the Tuqan family from Palestine, both of whom established themselves as influential business entities. The aftermath of the 1967 war prompted several West Bank Palestinian entrepreneurs, such as the Masri family from Nablus, to shift their economic activities to Amman. This move was strategic, allowing them to conduct business more effectively, leveraging their connections on both sides of the Jordan River. Family branches remaining in the West Bank could maintain commercial operations across the region despite Israeli occupation (Reiter, 2004).

In addition to West Bank Palestinians, affluent businessmen from Gaza were also welcomed into Jordan, where they were granted citizenship and five-year passports, facilitating their integration into the Jordanian economy (Reiter, 2004). Similarly, the Lebanese Civil War in 1976 triggered another wave of economic migration, leading to the relocation of enterprises from Beirut to Amman. The Gulf crisis of 1990–91 further contributed to this trend, as Palestinian businessmen returning from the Gulf states partnered with prominent Transjordanians, who played a crucial role in navigating Jordan's bureaucratic system.

Many Palestinian entrepreneurs within the economic elite perceive themselves primarily as Jordanians and actively support the Hashemite regime, recognizing their vested interest in the country's stability and security. Over time, many 1948 Palestinian refugees have ascended into the middle and upper classes, further solidifying their commitment to maintaining the existing political order. This integration into Jordan's economic framework underscores the complex interplay between economic power and political influence, where business interests often transcend ethnic divisions to maintain favorable conditions for continued prosperity.

The Gaza War and Economic Impact of Geopolitical Instability

Political instability has significant consequences for economic performance, primarily by increasing uncertainty regarding future economic conditions and policies (Carmignani, 2003). This uncertainty discourages both domestic and foreign investments, as investors seek stable environments to minimize risks. As a result, political instability leads to reduced economic activity and further deterring investor confidence (Ismihan & Ozkan, 2005).

Beyond its impact on investment, political instability undermines the state's credibility and governance capacity. Countries experiencing frequent political upheavals often struggle with maintaining a strong international investment position, balancing trade, and sustaining tourism, all of which are crucial for economic stability (Afolabi & Bakar, 2016; Asteriou & Price, 2001; Omri, Shahbaz, Chaibi, & Rault, 2015). Furthermore, instability contributes to rising budget deficits and increasing public debt while hampering capital accumulation, productivity, and aggregate demand (Ali, 2001).

Moreover, poor governance systems can exacerbate socio-economic challenges, leading to higher inflation, unemployment, and poverty rates (Abu Murad & Alshyab, 2019). These conditions contribute to the erosion of the middle class and widen socio-economic disparities, increasing the likelihood of public protests. In extreme cases, prolonged instability may escalate into civil conflict, forcing citizens to migrate for stability (Bernal-Verdugo, Furceri, & Guillaume, 2013). Large-scale migration strains host countries, as increased demand for public services, such as education, healthcare, and infrastructure, compels governments to allocate more resources, thereby straining national budgets (Devereux & Wen, 1998).

Empirical studies highlight the strong correlation between political instability and economic decline. Several studies argue that nations prone to government collapse exhibit slower economic growth and that higher levels of instability are linked to lower per capita GDP growth due to reduced productivity and capital accumulation (Aisen & Veiga, 2013; Alesina, Özler, Roubini, & Swagel, 1996). The short-term economic effects of conflict tend to be more severe, particularly in non-democratic and low-income countries, which are disproportionately affected by wars and political unrest (Polachek & Sevastianova, 2012).

The impact of political instability on Jordan's economic performance remains an underexplored topic in the literature. Osama Sweidan examined the relationship between political instability and economic growth using variables such as money supply, prices, investment, corruption control, and various dimensions of instability. He found that political instability negatively affects Jordan's economic growth, with government expenditure as a key transmission channel (Sweidan, 2016).

Jordan occupies a strategically significant position in the Middle East, historically marked by political instability. Since its independence in 1946, Jordan has faced numerous regional conflicts and crises, leading to repeated waves of refugees from Palestine, Iraq, Yemen, Libya, and, most recently, Syria (Abu Murad & Alshyab, 2019). The influx of refugees, poor living conditions, and social discontent contribute to internal instability–supporting the argument that instability in neighboring countries directly influences Jordan's political and economic stability.

Jordan operates as a constitutional monarchy, where legislative authority is vested in an elected parliament, while executive power remains under the King and his appointed cabinet of ministers. Despite over 30 registered political parties, none have ever secured a parliamentary majority, highlighting the fragmented nature of Jordanian politics and its impact on governance efficiency (Abu Murad & Alshyab, 2019).

According to the Freedom in the World Aggregate Score developed by Freedom House, Jordan scored 36 out of 100 in 2016. However, its score improved to 37 in 2017, following fair political elections in 2016 (Abu Murad & Alshyab, 2019). This slight improvement led to Jordan's reclassification from a "Not Free" to a "Partly Free" status. Within the region, Jordan remains one of the freest countries regarding political and civil liberties, second only to Israel.

Jordan has also experienced frequent Cabinet Changes, ranking among the countries with the highest number of government reshuffles (Sweidan, 2016). Since 1970, more than 40 different governments have been formed, with numerous cabinet reshuffles (Abu Murad & Alshyab, 2019). These frequent changes, coupled with ongoing economic reforms initiated under the International Monetary Fund (IMF) in 1989, the enactment of new laws, and the introduction of national strategies, have contributed to political and economic instability. This instability has potentially hindered business and investment opportunities and weakened social cohesion (Alshyab, 2012).

The World Economic Forum (WEF) Global Risks Report 2024 ("Jordan's Risks After the War on Gaza: Have they Changed or Remained the Same?," 2024) highlights misinformation and disinformation as the most significant short-term risks, while extreme weather conditions are the primary long-term concern. Given that the WEF survey was conducted before the Gaza conflict, which has reshaped regional and global dynamics, the Jordanian Strategy Forum (JSF) conducted its own poll to reassess risks to Jordan's economy. The JSF findings largely align with the WEF report, identifying inflation, unemployment, public debt, and economic downturn as the top risks, with regional armed conflicts emerging as a critical additional factor. Unlike the WEF report, which emphasized infectious diseases, Jordan's economic risks remain deeply tied to political instability and regional turmoil. While challenges such as unemployment, public debt, and economic contraction have persisted for over a decade, recent geopolitical events are expected to intensify their impact on foreign trade, food security, and supply chains. In response, Jordan must strengthen national efforts by implementing precautionary measures, developing alternative economic hedging plans, and conducting regular economic assessments to mitigate the repercussions of regional and global instability.

The war in Gaza has catastrophic and tragic consequences, both from a humanitarian perspective and in terms of economic and social stability, significantly affecting the economies of Jordan, Palestine, Egypt, and Lebanon. Without urgent economic policies and measures, Jordan is expected to face substantial financial and economic challenges as a direct and indirect result of the conflict. Economic stability and growth will likely suffer due to declines in tourism and foreign direct investment and deteriorating investor confidence.

Additionally, the humanitarian crisis in Gaza and the West Bank may place further strain on Jordan, potentially leading to an influx of refugees, depleting government resources, and straining the national budget, ultimately hindering economic growth. Moreover, foreign trade between Jordan, the Gaza Strip, and the West Bank will be severely impacted, disrupting the movement of goods, services, exports, and imports. Trade restrictions will further burden Jordanian businesses, limiting their access to economic opportunities. A decline in foreign investment is also anticipated, exacerbating economic difficulties in both the short and long term. The Jordanian government must implement urgent and strategic preventive measures to mitigate these challenges and safeguard economic stability.

The ongoing war is expected to severely impact Jordan's investment and business sector, with rising costs, energy price hikes, disruptions in production lines, and declining exports making Jordanian industries less competitive and more expensive. This adverse environment will likely deter investment, potentially reducing the sector's GDP contribution from 25% to 17%. The tourism sector, being the most directly affected, is already witnessing a downturn, with approximately 50% of tourist bookings canceled, significantly reducing tourism revenues, which account for 14–15% of GDP (around 4.8 billion dinars annually). Consequently, the tourism sector's contribution to the economy is expected to decline, further pressuring growth rates in the upcoming year.
Additionally, the trade and transport sector will face substantial challenges due to

regional disruptions, leading to increased shipping, insurance, and delivery costs resulting from trade restrictions. This will likely reduce the sector's GDP contribution from 7.5% to 5.2%, further complicating the economic landscape. Moreover, Jordan's strategic food security reserves could be affected despite its strong position in the 2022 Global Hunger Index. Challenges in meeting local food needs may arise, necessitating an increase in food reserves and a strengthened governmental policy to support the agricultural sector to mitigate potential shortages in food security.

Chapter VI

Conclusions

This is the first study to compare the economic dominance of Palestinians in Jordan in two different eras (1996 and 2024) and its sociopolitical impacts. The issue of national identity remains one of the most significant internal political challenges in many Arab countries, including Jordan. The failure of the state to establish a cohesive and widely accepted national identity has hindered political, cultural, and social integration, preventing the formation of a comprehensive and unified national consciousness among its citizens. The fragile social fabric across the Arab world has led some analysts to predict the potential disintegration of several Arab states.

Since its establishment in 1921, Jordan has grappled with the complexities of national identity. Prince Abdullah initially envisioned Jordan as part of a broader Pan-Arab Nationalism concept, aspiring to unify Syria, Palestine, and Jordan under his leadership. This vision was reflected in his selection of prime ministers between 1921 and 1946, who predominantly hailed from Syria, Lebanon, Palestine, and the Hijaz rather than Jordan. However, the influx of Palestinian refugees in 1948 and the unification of the East and West Banks in 1950 reshaped the Jordanian national identity, intertwining it with the Palestinian presence and leading to an ongoing tension between Transjordanians and Palestinians. As a result, Jordan has struggled to maintain a delicate balance between its native population and its Palestinian citizens.

Palestinians have faced significant challenges in being fully integrated into Jordanian society. Despite being granted Jordanian citizenship, they have not been accorded complete political and social rights. The establishment of the PLO in 1964 and subsequent political developments, such as the 1967 war, the events of Black September, and the Arab League's 1974 recognition of the PLO as the sole legitimate representative of the Palestinian people, further complicated the question of national identity. These events led to a duality in national and political loyalties, deepening internal divisions between Transjordanians and Palestinians. Furthermore, Jordanian state policies have been criticized for perpetuating a divide-and-rule strategy, categorizing citizens based on their origins and fostering systemic discrimination. These practices have contributed to political fragmentation and hindered efforts to forge a unified national identity, further complicating Jordan's internal stability and national cohesion.

Following the 1994 Wadi Araba peace treaty between Jordan and Israel, Article 8 permitted Palestinians to reside in Jordan, reigniting debates over Palestinian political representation within Jordanian governance and public institutions, with some advocating for proportional representation based on population demographics. Many Palestinians viewed this demand as a step toward modern statehood and equality. However, some Transjordanians opposed these claims, arguing that Palestinian political integration should be postponed until the final resolution of the Israeli-Palestinian conflict. They feared that premature integration would validate Israeli narratives portraying Jordan as an alternative homeland for Palestinians. The right to return remains a contentious issue within Jordanian society. Many Transjordanians insist on preserving this right to resolve the Jordanian national identity dilemma. Moreover, they see the potential liquidation of the Palestinian cause as a direct threat to Jordan's national identity, security, stability, and sovereignty.

In most ethnic conflicts, the minority group is often socioeconomically weaker, which exacerbates tensions between distinct communities. However, Jordan presents a notable exception to this pattern. While Palestinians in Jordan constitute a political minority, they simultaneously form a slight demographic majority and dominate the private economic sector. A comparable but distinct dichotomy can be observed in Malaysia, where the politically dominant Malays seek to maintain their control over state affairs, whereas the Chinese and Indian minorities focus primarily on economic dominance. Despite this parallel, Jordan remains unique within the Middle East due to the compounded tension arising from the Palestinians' demographic presence and their economic influence, which is perceived as a threat by the ruling Transjordanian elite.

The political developments following the events of 1970-71 further entrenched the Palestinian and Transjordanian communities as two distinct and often conflictual ethnic groups. Their competition over national resources has resulted in a clear sectoral division: the public sector is overwhelmingly controlled by Transjordanians, while Palestinians largely dominate the private sector. This dynamic reflects the broader struggle between these communities, each attempting to expand its economic and political influence.

The strong Palestinian presence in Jordan's private sector has profound social and political ramifications. The divide between the public and private sectors is a lived reality that Jordanian citizens encounter daily, from routine shopping to interactions with government institutions. Even if statistical data did not entirely substantiate this perceived division, the widespread belief in its existence has a powerful psychological impact, shaping social attitudes and political discourse. This phenomenon was exemplified in a

1995 public opinion survey on Jordanian-Palestinian relations, which highlighted the deep-seated perceptions of disparity and discrimination between the two communities. Both groups harbor grievances: Transjordanians feel economically marginalized in comparison to the prosperous Palestinian business elite, while Palestinians perceive systemic political exclusion. This mutual sense of deprivation exacerbates the Jordanian-Palestinian divide, posing a significant challenge to the kingdom's internal stability.

Traditionally, prominent business figures in Jordan have maintained a deliberate distance from politics, engaging with decision-making processes primarily to safeguard their economic interests rather than to advance specific political agendas. As a result, Jordan's wealthiest individuals and influential family corporations do not form a distinct pressure group or organized lobby, whether as business elites or as ethnic sub-groups. Interviews with business community members suggest that they operate more as a class-based group rather than along the lines of descent or ethnic extraction. Their primary concern remains protecting and expanding their economic interests, which fosters their loyalty to the Hashemite regime. Business dealings are conducted based on financial considerations rather than ethnic affiliations, reinforcing the notion that economic pragmatism supersedes communal identities in this sphere.

However, by the late 1990s, signs of a gradual shift in the political attitudes of wealthy Palestinians began to emerge, primarily due to the increasing significance of the private sector. While mutual interests between politicians and the economic elite have always existed, the evolving structure of Jordan's economy has heightened the potential influence of leading businessmen, most of whom are of Palestinian origin. Given the growing public and royal expectation that the government should prioritize economic development, the role of private sector leaders has gained prominence. It is conceivable that, in the future, affluent Palestinians may leverage their economic power to secure political positions, particularly if Jordan continues along a trajectory of liberalization and democratization.

Furthermore, as Jordan implements structural reforms under the guidance of the International Monetary Fund (IMF) to strengthen its economy, the private sector is expected to play an increasingly vital role. Economic and political liberalization are closely intertwined, and as the government moves forward with these reforms, Palestinians—who dominate the banking and financial sectors—are likely to gain more significant political influence. Their financial standing affords them a unique status with broader political implications, and their aspirations for increased democratic representation suggest that, over time, they may assume a more prominent role in shaping Jordan's political landscape.

To resolve this decades-long intercommunal tension, national identity should be anchored to major Jordanian historical events such as the Um Qais Conference. Strengthening these historical events will cultivate a sense of national loyalty that transcends subnational affiliations. The contemporary Jordanian state identity does not fully align with the populace's sense of identity. Many Transjordanians continue to identify more closely with tribal, familial, and regional affiliations rather than a unified national identity. This misalignment makes it difficult to achieve national consensus on the foundational principles of identity. Therefore, efforts must foster a collective national consciousness emphasizing shared language, culture, and future aspirations.

Finally, Jordan's rich cultural and historical diversity should be embraced as an asset that strengthens the foundations of a modern Jordanian society rather than a source of division. This diversity should be leveraged to promote inclusivity, national cohesion, and sustainable economic development and prosperity.

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