

## CHAPTER X

### SUMMARY AND CONCLUSIONS

Jordan is a service based, urbanized, and developing economy. Almost 90 percent cultivable area and nearly 70 percent of population are concentrated in the North West region near the capital city of Amman. The country is land locked from all sides except one access to Gulf via Aqaba port. It is one of the least endowed countries of the world in natural resources. In 1993, the share of agriculture and industrial sectors in national income was 8 and 26 percent respectively. The rest was contributed by service sector. Apart from unfavourable physical features, the political problems from time to time due to Arab - Israel conflict in 1948, 1967, 1988 and the Gulf war in 1991 have affected the economy. The sudden influx of refugees and returnees due to various political crises have resulted in dislocation of socio-economic fabric of the nation.

The geo-political problems have made Jordanian economy vulnerable to external factors. After the 1948 crisis, Jordan received considerable financial help from friendly Arab countries. The country started encouraging the growth of industrial sector. Education received a top priority during this period. These efforts, however, did not make significant dent on the economy of the country due to inadequate domestic resources, backward commodity producing sectors, poor infrastructure and huge population. The financial assistance

after 1968 Arab Israel conflict and oil price boom during the Seventies had a favourable impact on Jordanian economy. Many Jordanians migrated to the neighbouring countries and the remittances considerably eased the balance of payment in Jordan. This economically prosperous period, however, did not last long. The fall in the oil prices and consequent recession in the Arab oil world slowed the outmigration of labour and the 1991 Gulf war further aggravated the economic problems.

During the Gulf war, goods produced in Jordan could not be sold to Iraq, which used to help Jordan both industrially and financially. Jordan suffered a sharp decline in foreign exchange reserves, mounting burden of foreign debts, depressing conditions of balance of payments, depreciation of the external value of Jordanian Dinar, reduction in remittances of Non-Resident Jordanians working abroad and serious breakdown of the economy because of the falling growth rate due to low level investment. With the return of about three lakhs returnee-labour, the economy nearly collapsed and got shattered. Consequently, the overall unemployment rate reached 18.8 percent in 1991. During this time, Arab financial aid was terminated and the Jordanian export to Gulf states was paralysed.

In the late eighties, due to the conditions imposed by the International Monetary Fund and the World Bank, Jordan had to start an economic structural adjustment programme imposing curbs and cuts on government expenditure, welfare programmes, deficit financing and internal loans. A new structural adjustment

programme for 1991-98 is formulated with the objectives of:

- a) Increasing GDP rate from 3 to 4.3 percent.
- b) Decreasing the inflation rate from 10 percent to 4 percent.
- c) Decreasing the budget deficit to about 5 percent.
- d) Enhancing private investment and foreign investment for employment generation.
- e) Promoting Exports.
- f) Limiting external and internal debts.
- g) Alleviating unemployment.

Due to above mentioned political and economic problems the labour market is most severely affected. It is facing the problem of chronic disequilibrium which is reflected through

- i) The high unemployment rate
- ii) Outmigration of labour which has a limited and narrower scope to tackle unemployment problem
- iii) Immigrant labour is still required as native Jordanian labourers are not interested in taking manual, risky and low wage jobs in construction, agriculture sectors etc.
- iv) Returnee-labour from Gulf countries after the Gulf war of 1990.

Since the mid 1980s, unemployment has become a matter of serious concern for Jordan. During 50s and 60s, the Jordanian labour market experienced shortages of labour due to the exodus. During 70s, though employment generation improved due to large investments in government plans, outflow of labour continued. During the 80s the problem of unemployment became severe due to several reasons cited above.

## II

In Economics, structural transformation of an economy, rural urban migration, emigration and immigration have been theorized under Economics of Development, Labour Economics and Economics of Immigration. The problem of unemployment has received attention both in Micro and Macro economics. It was therefore felt that the Jordanian labour market be researched on the basis of existing theoretical constructs. There has been no systematic effort in this area to encompass all the relevant features concerning labour market of Jordan and to apply the economic theories to study them. The present study therefore is undertaken to focus on labour market of Jordan with special reference to the problem of unemployment.

The foremost problem faced in such an exercise is the lack of adequate data base. The comparable information on all the macro economic variables is available only from the beginning of the seventies till early nineties. Time series data of various macro economic aggregates is not available at given constant prices. Neither the given constant price based data nor a proper methodology for adjusting the figures is available. Therefore the present researcher had to utilize the available data. Though certain adjustments are made, they are not based on the most suitable methodology. After 1991 the statistics on labour market are not available. So some data surveying Jordanians were employed by the researcher in Jordan to collect data on Jordanians working in Abu Dhabi, unemployed Jordanians, under

employed Jordanians, immigrant labour and returnees after the Gulf war. In order to test various hypotheses and to determine the influence of various factors, standard statistical tool of multiple regression was used wherever necessary.

The thesis divided into ten chapters discusses the following issues:

- Various characteristics of Jordanian labour market.
- Nature of unemployment problem and factors which have aggravated or helped to solve the problem.
- Impact of outflow and inflow of labour on Jordanian economy in general and labour market in particular.
- Recent socio economic characteristics of various segments of labour market of Jordan and returns to education in Jordan and abroad.
- Efficacy of various economic theories in explaining the labour market scenario of Jordan.

In the growth process of any economy it is generally accepted that the economy transforms itself from agriculture to industry and then to a service based one. This linear stage growth model which was developed by Rostow and others in the Sixties gave way to theories which viewed the process of development in terms of international and domestic power relationships. These theoratical developments in the Seventies were followed by neo classical counter revolution which emphasized the philosophy of free market. In the early nineties there emerged theories which approach development issues in terms of reasons for rapid growth

of certain economies in comparison with others and the role of government and other institutions in the development process. However the question of sustainable development of developing economy having service sector led growth, without sound commodity producing sector and specific political features are led to be integrated in such theoretical developments.

These approaches indicate that there is no single prescription for the growth of an economy. Jordan is an economy which is already an urbanized and service based economy without agricultural and industrial bases. However, this does not mean that the theoretical premise is irrelevant. Higher savings, development of human capital, overcoming institutional rigidities and social reforms are elements which have been emphasized by various theories. Jordan needs to evolve towards them. The limitations of Jordanian economy can be comprehended by referring to Harrod Domar Model for capital formation and recent theoretical developments incorporating institutional factors.

One of the consequences of the inadequate domestic resources and sudden surge in population is emigration of labour. Outmigration as a percentage of labour force was 35 percent in 1970 which increased to 59 percent in 1976, 72 percent in 1981 and declined to 58 percent in 1989. Outmigration is closely related to the prosperity of the neighbouring countries which in turn depends on the oil prices. The internal migration from rural to urban areas occurs because a higher income is expected in urban areas as emphasized by Todaro in his theory of migration and not because of surplus labour in rural areas and developed

urban economy as explained by Lewis in his two sector model. The immigration of people in Jordan has been in the form of guest workers, refugees and returnee Jordanians. Detailed data prior to 1973 on immigration is not available. On the basis of the available information it is found that the inflow to outflow ratio which was 0.25 percent in 1973 increased to 48.82 percent in 1989. As per the information in 1989, agriculture absorbed 34.3 and construction 31 percent of immigrant labour force, because the human capital component of immigrant workers is relatively less. 96 percent of immigrants are male and only 4 percent are female.

Supply of labour in Jordan is the result of natural growth of population and net migration rate. As per the statistics available, Jordan's population which was around 0.375 million in 1947 doubled in just one year due to the influx of Palestenians as a result of war in 1948. The available population statistics differ from one another. After 1961 the data are somewhat comparable. In 1979 Jordan's population which was around 2.13 million increased to 3.27 million in 1987. As per the projections Jordan's population would be around 4.36 million in 1996. Thus the average annual growth rate of population between 1979-96 is around 4.4 percent, which is quite high. In 1995, 46 percent of the population belonged to the age group less than 15 (42 percent) and more than 59 (4 percent). Thus the potential labour force was constituted by 54 percent of the population. The participation rate in Jordan however has remained around 18 to 20 percent, though the unemployment rate has been fluctuating. It was 13.7 percent in 1970 which fell to 5 percent in 1975 and

with some fluctuations increased to 9 percent in 1988 and to around 18 percent in the early Nineties. Following the data of 1993, 50.6 percent of the labour is in public administration, social services and defence. However, the distribution of percentage in other sectors is as follows: in agriculture sector 6.4, in manufacturing 10.6, in construction 7.0, in trade 15.1 and 6.7 in transport and communication. The estimates by Royal Scientific Society and Ministry of Labour, Jordan, on time series data on distribution of labour force and employed labour based on occupation, education and sex show that in 1991, 60 percent of the employed labour had below secondary, 14.5 percent general secondary, 12.4 percent lower diploma and 10.5 percent B.A/B.Sc and 1.6 percent had post graduate level of education. The unemployment problem among the educated Jordanians is severe. Out of 60 thousand unemployed in 1989, 38 percent had below general secondary, 25 percent general secondary, 22 percent intermediate, 13 percent B.A/B.Sc and 2.2 percent had post graduate level of education.

The data base regarding wages is poor in Jordan. On the basis of the available information it is found that average wages which were 144.7 Jordanian Dinar (JD) in 1980, fell to 98.0 JD in 1989 for males and for females it fell from 103.3 JD to 84.0 JD during the same period. It is likely that this also might have induced people to outmigrate.

The thesis attempts to examine the problem of unemployment in Jordan on the basis of above mentioned characteristics of Jordanian labour market. The time series estimates on labour force and employed based on economic activities and occupat



etc are available. From this information one can deduce the nature and extent of unemployment in Jordan. Unemployment in Jordan is the result of a backward commodity producing sector, lack of adequate investment capacity and in and outmigration of labour. In Jordan during late fifties, only 1.6 lakh labour out of 2.7 lakh labour force was unemployed, which led to the lowering of wages in Jordan. Hence, Jordanians began to emigrate to Arab Gulf countries and to the U.S., and also to the then West Germany, Venezuela and Brazil. The strain on Jordanian economy was eased by reduced unemployment and raised national income through remittances. During 1949-1959, the remittances had on an average 20.5 percentage share in total foreign aids and 85.3 in the total value of exports.

During the 60s and the 70s emigration was encouraged both by individual contracts and the contracts at the government level. Kuwait and Saudi Arabia were prominent Gulf countries which absorbed the Jordanian labour due to the oil-boom and the consequent rise in employment opportunities. The emigration caused a partial shortage of educated and highly skilled labour in Jordan. In order to assess the influence of these factors, a multiple regression model in double log form was fitted with gross domestic product, gross fixed capital formation (capital stock data are not available), and outflow and inflow of labour. The time series on gross domestic product and gross fixed capital formation were deflated using cost of living index in the absence of proper deflator. The regression equations were estimated using both current and constant price data. The period selected was from 1976 to 1989, as it was the most normal one and the

comparable data for it were available. The results of the analysis showed that the investment helped in reducing unemployment. In and outmigrations were not statistically significant variables. This conclusion of the thesis is significant because Jordan regards outmigration as one of the ways to reduce unemployment.

The relationship between unemployment and outmigration is difficult to establish because of a mutual effect on each other. In order to find the nature of relationship Granger's test of causality was used taking 2 and 3 years' lag. Granger's test helps in establishing lead and led relationship. The results showed that there was a unidirectional causality from outmigration to unemployment. This does not mean that outmigration affects unemployment. It only implies that outmigration precedes unemployment.

The migration of people is the result of push and pull factors. The main causes of emigration of Jordanian labour were

- (a) Unemployment
- (b) Increase in population and labour force.
- (c) Higher wage prospects abroad.
- (d) Demand pull because of oil-prosperity in the Gulf and shortage of local labour in countries like Kuwait and Saudi Arabia.

To analyse the factors affecting outmigration multiple regression models with different variants were estimated for the period 1970-1989 and 1976-1989, taking labour force, unemployment, per capita income of Jordan (both at current and

constant prices), and oil prices (both at current and constant prices). As <sup>the</sup> unemployed form a part of the labour force, regression equations were estimated dropping labour force/unemployment. The results showed that for the period 1970-1989, labour force and oil prices were statistically significant variables. Thus both push and pull factors influenced outmigration. Unemployment could not be established as the cause of outmigration. In our results explaining unemployment, outmigration was not statistically significant. These results indicate that under normal conditions there were other factors which played an important role in affecting unemployment and outmigration.

Unemployment would have been much more if outmigration did not take place. Due to a decrease in the number of emigrants and an increase in the returnees after the Gulf war, the problem of unemployment has been very serious. Since the labour market of Jordan is destabilised by external factors, like fluctuations in the demand of Jordanian labour in the neighbouring oil rich countries especially due to oil price movement, it is necessary that Jordan ensures the sanctity of the employment contracts with the countries of the Arab World. At the same time Jordan can negotiate with countries like Kuwait, Saudi Arabia, UAE, Bahrain etc. to recall the returnees. This has become possible as the politico-economic conditions have been geared up to attain peace and mutual co-operation after the Gulf war and Arab-Israeli conflict.

Outmigration not only influences labour market but also the economy as a whole. Hence, i) remittances can help in raising national income through increasing investment capacity thereby in solving the balance of payment problems and ii) It induces an overall improvement in education and technical skills, as potential labour force intending to go abroad try to improve human capital suitable for foreign labour markets.

From the Seventies, remittances have had a share of around 20 percent in gross domestic product in Jordan. Our estimate shows that one percent increase in outmigration leads to 4.00 percent increase in remittances. To assess the influence of remittances in gross fixed capital formation, regression equation was estimated taking remittances and GDP as explanatory variables. It was found that the coefficient of remittances was almost the same as that of GDP. In case of Jordan remittances play an important role in creating investment capacity.

The adverse effects on the economy of outmigration are:

- a) Structural distortion in the domestic labour supply reflecting in the shortage of qualified manpower.
- b) Widening the gap between income of emigrants and of domestic labour.
- c) Brain-drain.
- d) Investment in education to develop human resources for the benefit of foreign countries.
- e) Remittances can result in a rise in price because of the increase in the demand.

It was not possible to quantify the net impact of outmigration. But its positive impact outstripped the negative impact on the economy as unemployment and the dependence on other countries otherwise would have been worse than the existing one. However, outmigration of the educated Jordanians could be considered a loss only when there were job opportunities and adequate monetary reward in the domestic labour market. One cannot argue that Jordan did not succeed in its economic planning because there were no educated people around. Similarly, remittances might have led to inequality in income distribution and price hike. However there were other factors which were responsible. The most important one was the lack of sufficient growth in the economy. Thus outmigration has been beneficial for the Jordanian economy especially when it did not have enough of domestic savings potentials and unemployment had become severe due to political crisis.

The quantification of impact of immigrants on Jordanian economy in general and labour market in particular is difficult as the available information is scanty. During the five year development plans of 60s and 70s, Jordan built up its industrial base through investments by natives, as well as the Gulf rich entrepreneurs. This required a large number of immigrant labour for its mining, agriculture, industries, and infrastructure sectors. During this period more than three lakh Jordanians emigrated to the Gulf countries and Libya. Hence the problem of immigration was not felt. During the 70s, Jordan imported, as well as, exported labour. Emigrated Jordanians could get higher wages than at home and in turn Jordanian industries obtained

cheaper labour than the domestic one. By 1984, the ratio of immigrant labour to total labour force was about 26 percent, i.e., one out of every four Jordanian labour force was an immigrant labourer.

After 1985<sup>the</sup> people in Jordan began to be sensitive to the immigrant labour because of recession in the Gulf countries. Jordan could not send more labour abroad. Also there was a serious resource-crunch because of the sudden decline in the aid from the Gulf countries. Hence, the number of immigrants which went on increasing till 1984, dropped to pre 1970 level by 1987, and after 1987, that it started rising again. Most of the immigrant labour has been engaged in agriculture and construction and other unclassified occupations as most of them have lower than the secondary level education. Immigrant labour has concentrated in the jobs which are generally not wanted by Jordanian labour requiring less skill and more physical labour and are low paid ones.

The effects of immigrant labour to Jordanian economy are both good and bad. Since most of the immigrants are engaged in agriculture and construction related activities, it is generally believed that they have not displaced the Jordanians as these are the two activities in which they are not interested, their main objective being white collared jobs in urban areas. Whatever data the researcher had at his disposal, it was found that in 1984 per capita income of the immigrants ~~was lower~~ than that of the total labour force. It was higher only in case of agriculture and other activities for which Jordanians did not

have much preference. It is difficult to confirm if the immigrants depress the wage levels in Jordan, as they were ready for lower wages, it is likely that overall wage rates might have depressed at least in some occupations. In 1993, out of 53 thousand immigrants, 73 percent earned only 50-100 JD per month and 11 percent earned more than 500 JD. Such a result was not surprising as most of the immigrants had low human capital component and were engaged in low income generating relatively backward agriculture and other activities. It has been argued that the ultimate objective of the immigrants was to migrate finally to urban areas. Therefore there is a strain on civic amenities and infrastructure sector of urban areas. Immigrants also displaced Jordanians in some urban informal service sector jobs as they accept lower wages and are often ready to work longer hours.

Jordanian government during the Seventies had adopted an open door policy, as outmigrants were the source of remittances and they also eased unemployment problem. Immigrants were needed to take up jobs in agriculture and construction where Jordanians were unwilling to work and therefore there was a shortage of workers in these sectors. This policy however had to be changed as skilled Jordanians were required to implement five year plans of Jordan and immigrants had to be discouraged so that unemployment among Jordanians reduces. During the recent years, the economic assessment of plus/minus points of impact of immigrants has become irrelevant because the country has been facing mass unemployment. Therefore the solution is to discourage immigrants.

Apart from out and in migration to and from other countries, there also occurs migration from rural to urban areas in Jordan. The researcher had such information only for the year 1986. During this year, it was found that most of the immigrants who were in the age group of 15 to 47 were more educated than non migrants. They had concentrated in public administration, construction and trade related jobs. The unemployment among migrant males was almost the same as that of the non migrants. It was however lower in the case of female migrants. It was not possible to examine the impact on the economy due to internal migrants as net migration rate of many districts was very small. Unless there is a detailed data available on the jobs from where they have displaced local labourers or have accepted lower wages, nothing can be concluded. Due to the lack of a support system in urban areas they tend to accept any job offered to them. Hence it is likely that they might have displaced local labourers in some occupations. Their migration to urban areas also results in the shortage of workers in rural areas of Jordan. This is often cited as a reason for encouraging immigrant or guest workers. As internal migration is to get higher monetary reward in urban area, Todaro's model can explain rural-urban migration in Jordan.

The analysis of in and outmigration and internal migration is done on the basis of available theoretical economic models which do not incorporate simultaneous in and outmigration and return migration, and hence the present analysis emphasises the need for developing such models. At the level of empirical research it calls for ~~collecting~~ systematic and detailed



information regarding the impact of in and outmigration on the wage level, displacement of native Jordanians, and employment structure alongwith data on several macro economic aggregates.

### III

The secondary data which could be used for a systematic study is limited to the year 1989. One does not get information on labour market scenario after that. Hence it was felt that a survey of different segments of Jordanian labour market should be undertaken.. Its main purpose was to have a socio economic profile of different constituents of labour market and to examine whether returns to education in Jordan are sensitive to gender or sector and also whether they are lower than that of the other Jordanians working abroad. A brief summary of the surveys is as follows:

#### **Jordanians Working in Jordan (Respondents:400)**

- 1) 70 percent of the respondents belong to the age-group of 30 to 49 years as children and old people do not work in Jordan. The ratio of dependency among the young men of the age group of 20 to 30 is very high as they are looked after in their education and career-building by the other members of the family.
- 2) Among the total employed persons, the males constitute 83 percent.
- 3) A majority of the employed respondents were married and resided in cities. The marriageable ages of the males and

the females were above 27 and 24 years respectively.

- 4) One out of every three respondents had to provide for a family of more than 5 children as the size of the family in Jordan is very large because of customs, traditions and social institutions. However, the size of the emigrated Jordanians and returnees from Kuwait seemed to be relatively moderate.
- 5) There had been a remarkable improvement in the quality of manpower in Jordan during the last 30 years. More than 50 percent of the respondents had higher education.
- 6) 58 percent of the respondents preferred salaried jobs, mostly in government establishments. The private sector happens to be an equally dependable source of employment generation in Jordan along with the public sector.
- 7) The services sector was the most important one offering maximum employment.
- 8) Nearly 70 percent of the respondents had jobs in cities.
- 9) Hardly 12 percent of the respondents could get jobs through government employment exchanges. The labour market was beyond the control of government and remained unorganized.
- 10) Hours of work and conditions were mostly satisfactory.
- 11) The average wages of more than 70 percent workers were quite satisfactory, giving them the standard of living of fairly happy middle class. Most of the respondents therefore could maintain a good standard of living because of highly subsidized education, medicines, water, electricity etc.
- 12) Nearly 70 percent of the respondents had additional sources

- of income along with remittances sent by their kith and kin.
- 13) Social insurance facilities were not universal and uniform.
  - 14) There was general apathy and indifference towards Trade Unions among the respondents.
  - 15) More than 80 percent of the respondents did not want to change their present job and 75 percent of them had never changed their job.

**Unemployed Jordanians (respondents:540)**

- 1) The majority of them belonged to the age group of 20 to 29 and majority were unmarried males.
- 2) The problem of educated unemployed was relatively more complicated because of the shortage of suitable jobs to match their education. It showed a lack of manpower planning.
- 3) 64 percent of them were not required to support their families. The main source of their livelihood, educational expenses, and pocket money was their family. Unemployment insurance covered only 4 percent of the respondents.
- 4) 82 percent of them could not get a job from their job-hunt.
- 5) All of the respondents reported that government employment exchange could not provide any dependable service.
- 6) Unemployed were interested in government civil service jobs and 75 percent of them were keen to go abroad.

**Underemployed Jordanians (respondents:169)**

- 1) Majority of the respondents were males mainly in the age group of 20-29 years.
- 2) Most of the underemployed were educated and had been employed in jobs which did not require much skill. There was a mismatch between education and types of job in which they were engaged in.
- 3) Most of the respondents were wage/salary earners.
- 4) Almost half of the respondents were occupied in public administration and social service related jobs.

**Jordanians working in Abu Dhabi (respondents:154)**

- 1) The majority of emigrant labour were unmarried males in the age group of 25 to 44 years.
- 2) Peak period of emigration was between 1966 to 1980. The emigration of Jordanian labour was correlated with business fluctuations in the Gulf countries. 12 percent of the respondents had emigrated to stay with their relatives in UAE and were looking for suitable jobs.
- 3) More than 70 percent of them were very well qualified having degrees and diplomas, as the Gulf countries were absorbing the well qualified man-power.
- 4) Due to the paucity of educated labour in oil rich gulf countries Jordanians were in demand.
- 5) Nearly 90 percent of them sent remittances regularly as they earned high salaries and wages.

- 6) Most of them were very well placed in Abu Dhabi. Their remittances were the most important support to their families in the home country.
- 7) Most of the respondents desired to go back to Jordan after retirement, or after making due provision to start independent business in Jordan. They went to Gulf countries in order to earn sufficiently. Only 6 percent of them did not intend to return. Thus emigration was a transit arrangement of making a family's financial position strong.

**Returnees of 1991 Gulf war (respondents:106)**

- 1) 87.7 percent of them were male and married.
- 2) Nearly 54 percent of the respondents belonged to the age group of 40-59.
- 3) A majority of them were Palestinians, which posed problems regarding their rehabilitation.
- 4) The human capital component of the returnees was above the average level of employed labour in Jordan.
- 5) Nearly 50 percent of them were from Kuwait, 17.1 percent from Saudi Arabia and 12 percent from Bahrain.
- 6) More than 60 percent of them worked in private sector holding highly paid jobs and more than 80 percent of them sent remittances regularly.
- 7) Nearly 65 percent of the respondents were absorbed in private jobs in Jordan.

**Immigrants working in Jordan (respondents:140)**

- 1) Majority of the immigrants were males mainly in the age group of 20-29. This indicated that the younger labour force was more mobile than the older one.
- 2) After 1976, economic prospects in Jordan and fall in the oil prices induced people to immigrate to Jordan.
- 3) Their earnings in Jordan was higher than that of their home country.
- 4) Most of the immigrants were employed in private sector and were concentrated mainly as workers in agriculture, construction and in urban informal sector, as most of them had low level of education.
- 5) Unemployment among immigrants was negligible as they were on contracts.

In order to examine returns to education a modified Mincerian Earnings functions were fitted to the data of Jordanians working in Jordan and in Abu Dhabi. The results showed that in Jordan the males earned slightly more than the females and private sector was a better pay master than public sector. It could not be established whether or not women were discriminated against by the public or private sector. Since the female participation rate was very low due to social factors, the sample for women was relatively small and was only of those who could successfully compete with men. The results of earnings function of Jordanians working in Abu Dhabi did not turn out to

be satisfactory and thus the researcher could not test the hypothesis that returns to education were higher abroad. There were constraints of time and financial sources to undertake another survey to increase the sample size in Abu Dhabi to get proper results.

During the course of the surveys, the researcher got the impression that the people in general were concerned with problem of unemployment and underemployment. They would prefer to stay in Jordan provided job opportunities and good monetary returns are available.

In order to tackle the problem of unemployment Jordanian government has integrated manpower planning in its five year economic plans. Proper economic planning has become much more important as the future projections on demand and supply of labour till the turn of this century reveal that Jordan will face the problem of absorbing a large number of unskilled and semiskilled workers and also a growing number of educated manpower. There would be an excess of workers in administrative category and shortage in agriculture and other service sector jobs. Thus it is necessary to have economic and manpower policies which can sustain the economic growth and solve the unemployment problem without resorting to outmigration as its remedy. The analysis of various five year plans and their labour policy reveals that the government has tried to tackle the problem of unemployment through various institutional measures. However the overall impact has been far from satisfactory. The economic

and manpower planning to tackle unemployment problem has been subject to various social factors such as large size of the average family, institutional factors, internal migration and political factors resulting in in-migration of refugees and returnees, all of these which ultimately negate the serious efforts of government.

Due to relatively less solid foundations of growth in all the three sectors viz 1) Primary-mining, agriculture and allied activities. 2) Secondary sector consisting of manufacturing at large, medium and small scales. 3) Services sector including banking, finance, insurance, commerce, trade, transport, communications etc., the domestic economy is unable to absorb increasing and sudden sporadic rise in the supply of labour. The sole dependence on service sector to absorb all the additional increase in labour force is not an indicator of self sustaining economy. Similarly outmigration which helped Jordanian economy in several ways, cannot be considered a long term solution to tackle unemployment problem. Sound commodity producing sectors, proper emigration and immigration policy and various institutions in education and other fields are the need of the hour.

The labour market of Jordan gets adversely affected especially by political factors. Unless and until this is arrested most of the economic theories will not be able to explain and offer solutions to the various unwarranted dimensions of labour market of Jordan. As the present study reveals the utilization of the domestic resources both men and material,



enhancing indigenous efforts to increase investment potentials, less dependence on external resources, proper manpower policy which creates more employment opportunities for educated Jordanians and induces people to work in agriculture and construction sectors can only help in withstanding political crisis from time to time and to ensure long term growth of Jordanian economy and in turn help tackling labour market disequilibrium.