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The Economic Achievements and Failures of Jordan Before and After the Recognition of Israel

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ABSTRACT

The 1994 Jordan-Israel peace treaty's economic effects are examined in this study, along with the potential and constraints it presents for Jordan's growth. Expected trade and investment flows with Israel remained minimal, despite the agreement opening up significant foreign aid, expanding access to global markets, and facilitating collaboration in the fields of energy and water. The most obvious economic benefits were found in tourism and foreign aid, while important industries like agriculture continued to experience structural difficulties. The study draws attention to a fundamental paradox: while peace improved Jordan's geopolitical stability and international reputation, its immediate economic benefits were inequitable and frequently fell short of domestic expectations. The results highlight the necessity for policymakers to supplement peace accords with focused reforms that boost economic diversification, competitiveness, and guarantee that foreign collaborations result in widespread development.

Keywords: *Jordan, Israel, Peace Treaty, 1994, Middle East, Economic Development, Peace Dividend, Qualified Industrial Zones, QIZ, Trade, Investment, Tourism, Foreign Aid, Water Scarcity, Energy Cooperation, Regional Stability, Public Opposition, Structural Challenges, Unemployment, Debt Dependency, Industrial Base, Realism, Liberalism, Constructivism, Geopolitics, U.S. Assistance, Regional Security, Economic Diversification, Sustainable Agriculture, Information Technology, Renewable Energy, Tourism Revitalization, Population Engagement, Regional Lessons, Abraham Accords.*

INTRODUCTION

Peace and economic goals have long been intertwined in the modern Middle East. This is especially true in the case of Jordan, a small but strategically significant monarchy that suffers from the negative consequences of geopolitical constraints and economic vulnerability. Jordan formally signed a peace deal with Israel in October 1994, making it the second Arab state in history to do so, after Egypt. Internationally, this was hailed as a brave move toward peace, but domestically, it was viewed as a chance to benefit from the so-called "peace dividend." Normalizing relations with Israel may lead to increased trade, investment, tourism, and access to God-given resources like energy and water, according to Joshua Landis and other foreign observers. According to Jordan's leadership, peace would also guarantee stronger security ties with the United States and improved access to Western markets, including through agreements like Qualified Industrial Zones (QIZs), which permitted duty-free entry for Jordanian exports into the United States provided they included some Israeli input.

In that sense, there were tremendous expectations. The goal of the pact was to help Jordan move forward into a new period free from a lengthy history of foreign aid, economic stagnation, and vulnerability to outside shocks. Jordan, which was heavily dependent on agriculture and remittances and was under pressure from protracted economic crises in the 1980s, frantically tried to diversify its economy and stabilize its fiscal condition. A turning moment appeared to be offered by peace with Israel. There was hope for a new era of regional collaboration in tourism, energy, and infrastructure, which would not only boost Jordan's economy but also give peace the glue of shared wealth, ensuring its longevity.

But now, thirty years later, the story appears to be far more nuanced. Undoubtedly, Jordan benefited from the QIZs in a number of ways, including significant increases in U.S. aid, a growth in the garment sector, and sporadic increases in visitor numbers. The wider economic change that normalization was supposed to bring about was never fully realized. Although there were other destabilizing elements, including the Second Intifada, the wars in Iraq, and the Syrian conflict, public resistance hampered Israeli collaboration with Jordan. Even in times of peace, Jordan's structural issues persisted, including high unemployment, reliance on aid, and water scarcity.

In order to understand Jordan's economic achievements and shortcomings, a comparison of its various aspects before and after the 1994 peace deal will also be conducted. Under the concept of this assessment, trade, investment, tourism, aid, and other domestic economic conditions would be examined in order to determine whether or not the treaty has produced the "peace dividend" that is anticipated from such agreements. Perhaps more intriguingly, the article would offer insight into quantifying the true locational effects of international treaties while also taking into account how political opposition and regional instability shaped the results.

Such analysis is far more relevant beyond the borders of Jordan. It contains lessons for other countries in the Middle East contemplating normalization with Israel, as recently witnessed in the case of the Abraham Accords, and lessons describing what the Jordanian case might augur for the kinds of possibilities that peace can bear, while at the same time bringing to fore the limits stemming from political opposition, regional insecurity, and structural economic constraints. The paper, therefore, seeks to balance a perspective for policymakers, researchers, and students to gauge the Jordanian economic course while weighing how "peace with Israel" has woven its avoidable landscape.

This research is far more applicable outside of Jordan. It includes lessons for other Middle Eastern nations considering normalization with Israel, as was recently the case with the Abraham Accords, as well as lessons explaining what the Jordanian case might portend for the types of opportunities that peace can bring, while also highlighting the limitations brought about by political resistance, regional instability, and systemic economic limitations. As a result, the article aims to provide a viewpoint that allows policymakers, scholars, and students to assess Jordan's economic trajectory while considering how "peace with Israel" has shaped its avoidable environment.

HISTORICAL AND ECONOMIC BACKGROUND

Jordan has always been in a crucial location and has traveled down a path shaped by its geopolitical past. Located at the intersection of the Middle East, this under-resourced monarchy has struggled throughout history to balance economic viability with political survival. In the absence of the 1994 peace accord with Israel, Jordan's economy would have previously been characterized as having structural flaws, relying heavily on outside assistance, and being susceptible to regional unrest. Therefore, it becomes even more crucial to examine that pre-treaty context in order to determine the proportion of Jordan's post-normalization economic evolution that can be ascribed to peace in general as opposed to structural dynamics over a much longer time frame.

Economic Challenges Before 1994

Jordan, as the economy has been continuous victim of hard conditions since the pre-treaty years, was not endowed with oil and gas resources like those of several neighboring countries. In short, the economy depended largely on agriculture, remittances from Jordanian workers in the Gulf, and on foreign aid to fill its budget. By the late 1980s, this model was under extreme stress.

As for the year 1980, it was the peak time when debt crisis was just triggered. It could get increased almost towards the threshold level of unsustainability in the year 1989 when a currency crash forced the country to come to terms with the two international financial institutions, the IMF and World Bank. The structural adjustment differed from one country to another, in the main involving a cut in subsidies, a certain degree of privatization, and austerity measures. Although a considerable amount has been made in the stabilization of the macroeconomic environment, such measures have stirred up social discontent. The April 1989 riots in southern Jordan spotlighted the political risks of entrenching economic reforms in an already impoverished society.

The Gulf War from 1990 to 1991 further narrowed the aims of Jordan's economy. Many believed that Amman's attempt to remain neutral was, by default, tacit support of Iraq, thereby straining relations with the monarchies of the Gulf and the United States. Saudi Arabian and other Gulf aid rapidly declined. The repatriation of nearly 300,000 Jordanian expatriate workers did affect remittances in the war-equalizing stampede. Once again returning migrant workers for these jobs posed increased unemployment and greater Jordanian dependence on funding and IMF reforms.

By early 1990, Jordan found itself between the horns of increasing debt, structural weakness, and geopolitical isolation. Under the so-called normal economic condition, peace with Israel should have provided him an opening into diplomatic avenues leading to a lifeline for the economy.

Regional and Strategic Context

The early 1990s saw the start of the shifts between the nations, which turned out to be a watershed in Middle Eastern political history.In many circumstances, the 1979 signing of an openended revolutionary peace deal between Egypt and Israel was seen as the "Ending Case" because Arab states did not recognize it.For King Hussain, whose delicate balancing act had been severely strained by both domestic opposition and foreign pressures, it opened doors for a wider potential regional peace through the Oslo Accords between Israel and the PLO; as a result, it became more obviously economic and geopolitical.

In order to gain Western (especially American) support, open up new economic channels, and draw in foreign direct investment, Jordan's leadership presented the pact as the means of breaking their isolation.

"Peace dividend," a term used in many foreign relations at the end of Cold War, was applied to Jordan: the country directed its resources previously intended for preparing defense, toward economic development, and will reap the fruits from global market integration.

Expectations from the Peace Treaty

The economic arrangements of the peace treaty signed in 1994 included a number of specific treaties. The largest was the establishment of “Qualified Industrial Zones (QIZs)”, set up between Jordan, Israel, and the U.S., under which manufactured goods would be afforded duty-free access to U.S. markets, provided some minimal percentage of the products were made with Israeli input. Such arrangements were expected to create jobs and attract investment and modernization of Jordan’s industry.

The policymakers had expectations for quick returns in the tourism sector. With peace in sight, Jordan would have its share of the benefits-from that achievement-of its rich cultural and historical sites-Petra, the Dead Sea, and religious sites-in attracting Israeli and international tourists. The normalization of border crossings would have thus encouraged regional cooperation for tourism.

There were discussions on cooperation in water and energy. Jordan, one of the driest countries globally, expected that contracts on joint water- sharing projects with Israel would alleviate chronic deficits. The projected common infrastructure projects, including energy pipelines and electricity exchanges, were also important mentions of the practical advantage of peace.

Most importantly, the treaty was meant to offer Jordan a strategic partnership with the United States at the cost of peace. The increase in aid packages to Jordan is budget support, military assistance, and debt relief in exchange for peace. For King Hussein, most of the benefit besides economic returns was geopolitical-of being viewed as a moderate ally to the US in the region.

A Fragile Foundation

Despite these expectations, the foundation on which Jordan's economic transformation is built stays fragile.

Unemployment was high, the local economy was still reliant on outside assistance, and structural barriers like a lack of water and limited natural resources persisted.The majority of Palestinians by origin in Jordan have an implicit sense of pride in being born there, and public opinion there is already firmly against Israel.

Ordinary Jordanians regarded the contract with distrust, believing it to be a betrayal of the Palestinian cause, while the elites referred to it as a strategic necessity. The gap between public opinion and government policy turned out to be the decisive element that would prevent the peace dividend from being fully realized.

In actuality, Jordan entered into the 1994 peace accord with severe economic shortcomings and unrealistic expectations; it was viewed as a path to stability and prosperity, but the underlying social and structural issues would eventually suggest that it would not be a simple journey. Whether the treaty fulfilled its objectives and how these several decades changed Jordan's economic trajectory since normalization will be discussed in the upcoming chapters.

Achievements Subsequent to the Treaty

The Israel-Jordan Peace Treaty was signed in 1994, marking a turning point in Jordan's economic trajectory as well as the way regional politics were conducted. Even while the "peace dividend" did not make Jordan's economy self-sufficient, the treaty did have some positive effects on the country in a number of areas. External help poured in, tourism had development spurts, trade and investment flows surged, especially through the Qualified Industrial Zones (QIZ), and cooperation with Israel on energy and water projects yielded considerable benefits. These accomplishments will be further examined in the sections that follow.

Trade and Investment

The fact that the peace treaty gave Jordan more opportunities for investment and trade, particularly with the United States, was one of its most obvious advantages. The pinnacle of this accomplishment was the Qualified Industrial Zones (QIZ), which were established in 1997 as a direct result of U.S. incentives associated with the peace process. Under this arrangement, goods manufactured in those designated industrial parks in Jordan were allowed to enter the U.S. market free of duty, as long as they were composed of a small proportion of Israeli input, commonly in the range of 8%.

QIZs had been an effect that magnified the garment manufacture in Jordan. By early 2000s, Jordan had already dramatically pointed out figures of textile and apparel exporting to the United States. In 1998, exports of Jordan to the U.S. were around $15 million. This number skyrocketed to more than $1 billion by 2004, with over 90% of the total consisting of apparel products produced in QIZs. The garment industry became the biggest exporting industry in Jordan, contributing tens of thousands of jobs, many of which are mentioned as being for foreign nationals predominantly from South and Southeast Asia.

The benefits of QIZ operation further include a Bilateral Free Trade Agreement (FTA) signed in 2000 and implemented fully by 2010 by the United States. This signified the first U.S. FTA with an Arab state and thereby guaranteed optimal privileges of Jordan over the United States market. From 2001 until 2010, exports from Jordan to the U.S. increased almost ten times, while foreign direct investment (FDI) inflows rose, portraying investor confidence in Jordan's stability as a peace partner.

Still, one must identify the limitations of these achievements. Export revenues from QIZ have been large; however, they hardly spilled over to the general economy of Jordan. Foremost workers were foreign, while the industrial system depended on subsistence from U.S. trade preferences rather than its comparative advantage. Nevertheless, QIZs clearly exemplified tangible economic success resulting directly from the peace treaty and helped position Jordan as a pioneer in the field of regional economic cooperation.

Increasing Growth of Tourism in the Country

At first, the tourism sector in the kingdom was greatly benefitted by the peace treaty. Everything from Petra, Jerash, Wadi Rum, and the Dead Sea has been richly endowed with Jordan's natural and cultural development. Having reduced security concerns and normalized relations with the state of Israel, it was expected that this peace treaty would promote cross-border tourism while further enhancing Jordan’s standing globally as a safe and accessible destination.

Thus, the years that came immediately after the peace treaty witnessed increased tourism. Israeli tourists began crossing into Jordan to visit Petra and other sites, and international arrivals increased as well. The accord was heralded as a stabilizing development in a volatile region, and Jordan exploited this perception to sell itself to traveling westerners. Towards the end of the 1990s, there was a windfall of increased income from tourism, and by the year 2000, the sector had climbed up the contribution ladder to over 10% of Jordan's GDP.

In this period, tourism infrastructure improved. The government, with the support of international donors, constructed hotels, improved their roads, and conserved heritage sites. Aqaba was established as a special economic zone in 2001 and was meant to become a center for tourism and trade. The promotion of religious tourism, particularly the Christian pilgrimage routes connecting Jordan with Israel and Palestine, was another significant endeavor related to normalization. Over the two decades after the treaty, Jordan's tourism industry remained one of the most vibrant sectors of the country's economy, despite difficulties brought on by the instability in the region. Over 8 million tourists visited Jordan each year by 2010, and more than 10% of the country's workforce was involved in the tourism industry. Although tourism was affected by the upheaval, it exemplified the visible, revenue-generating, and internationally-related economic benefits that peace was supposed to bring.

Surge in Foreign Aid

The increase in foreign aid, particularly from the United States, was arguably the most conspicuous and noteworthy economic accomplishment that could be linked to the peace deal. Jordan became one of the biggest recipients of U.S. military and economic aid after making peace with Israel.

A heavy entry for the Jordanian government, Washington immediately released Jordan of ~$275 million in debt following the deal. The U.S. assistance packages grew in the years that followed, encompassing development aid, military financing, and direct budgetary support. Jordan received an average of ~$600–700 million annually from the United States during the mid-2000s; by 2015, this amount will surpass $1 billion annually.

This support was helpful for Jordan's overall fiscal stability, which allowed the government to cover long-term budget deficits in addition to continuing social spending and infrastructure projects in spite of outside shocks. Increased assistance from global financial institutions and European allies who saw Jordan as a trustworthy moderate in a turbulent area complimented U.S. backing.

There was a security that promised not only an instant monetary reward but also a long-term strategic alliance with the United States. Since it guaranteed a steady supply of resources for the stability of the monarchy, this victory was in fact more significant to King Hussein and then King Abdullah II than trade and tourism.

Water and Energy Cooperation

Water scarcity, one of the biggest problems for the Jordanian side, was another important topic in the peace accord. Being among the driest nations on earth, Jordan has long struggled to supply the water needs of both its agricultural sector and its populace. The 1994 pact contains clauses pertaining to the cooperative management and distribution of water resources from the Jordan and Yarmouk Rivers.

As a result, Israel would provide Jordan with a certain amount of water each year, and both parties would work together to create new desalination and water storage facilities.The water sharing agreements at least gave Jordan an additional source of some water supplies, despite their patchy implementation.

Although it took some time to establish cooperation, the energy sector is now once again supported by peace. Jordan and Israel inked a contentious 10-billion-dollar natural gas agreement in 2016 that would enable Jordan to import Israeli gas for the production of power. Despite reflecting the future dependency made conceivable by normalization, the agreement sparked fierce domestic criticism. Economic benefits also came from the agreement, which promised to lower costs and diversify Jordan's energy supplies.

Symbolic and Strategic Achievements

In contrast to the other sectors that benefited, the peace deal also placed Jordan at the most advantageous economic border. International investors and Western donors now view Jordan more favorably as a result of its second normalization with Israel. In an otherwise conflict-ridden region, this intangible reputation would boost investments, aid, and further legitimize the monarchy in the global arena, making it an exceptionally stable, realistic, and business-friendly option.

Summary of Achievements

In summary, Jordan has reaped tangible rewards from its peace agreement, including greater tourism, more clothing exports under QIZs, increased U.S. financing, and collaboration in the fields of water and energy. Despite not addressing Jordan's fundamental issues, they provided a lifeline for the stabilization of the economy and the preservation of growth in a few key areas. These accomplishments show policymakers that, despite its irregularities and susceptibility to external shocks, peace accords can have some positive effects.

FAILURES AND SHORTCOMINGS

Unquestionably, the 1994 Israel-Jordan Peace Treaty presented genuine prospects for economic gain, but overall performance fell far short of the exceedingly high expectations of many present at the signing ceremony. The economic prospects that might have resulted from repairing relations between the two nations either never materialized or are already proving to be unsustainable. The treaty's restrictions extend beyond the economy to the political and social spheres; widespread popular mistrust of Israel has hampered Jordan's ability to fully engage in the integration process. In turn, regional insecurity hindered the repair of environmental structural deficiencies and reduced trade, investment, and tourism with Jordan. Consequently, these drawbacks show that the much-discussed "peace dividend" was, to put it mildly, inconsistent and occasionally overstated.

Uneven Distribution of Gains

The inequity of the peace dividend's advantages was perhaps its biggest weakness.Although the growth of QIZ quickly benefited textiles and clothing, the Jordanian populace as a whole did not gain significantly.

In the garment industry, jobs were created, but most jobs went to foreign laborers; South and South East Asian laborers mostly filled those jobs. Employers preferred foreign labor because they were willing to accept lower wages and work longer hours. By the mid-2000s, over 70% of QIZ workers were foreign nationals, while opportunities barely existed for Jordanians. Thus, promotion of exports did little to reduce the domestic unemployment that persisted in high levels, mostly hovering between 12% and 18% for much of the post-treaty period.

Therefore, rather than fostering genuine competition, the QIZs strengthened the industry's reliance on U.S. trade favors. The change in trade and demand policies may also hurt this industry. Jordan was under pressure from American merchants to look for less expensive options in Asia, which had an immediate impact on the country's apparel industry. Benefits were limited to a small industrial base because there were no technological transfers and very little skill development, which prevented Jordanian workers' and businesses' capacities from being significantly upgraded.

This indicated that while economic growth was generated in a number of ways, it was not converted into changes in development. Instead of affecting the general populace, the negative effects of the peace that many Jordanians experienced appeared to have shifted to the elite quotient: foreign workers, foreign investors, and elite landlords.

Public Backlash and Social Opposition

Jordanian society's deeply ingrained obduracy was met by economic normalization with Israel. The majority of Jordanians continue to reject close economic connections with Israel and express opposition of the peace treaty, according to regular public opinion surveys. In addition to sentiments of loyalty and sympathy with the Palestinians, the rage espoused in this channel was rooted in the fear that normalization would undermine Jordan's identity and sovereignty.

This immediate response has taken many different forms. Cooperation with Israel was vigorously rejected by trade unions, professional associations, and civil society organizations. While the business elite mostly partnered with Israeli companies to safeguard their reputation, many Jordanians boycotted Israeli goods. Whenever the government suggested joint projects, as in agriculture in the Jordan Valley or industrial projects under QIZ, strong popular resistance tended to limit these efforts' scale and impact.

In 2016, Israel's gas import-related contract was posited as an example. The deal offered Jordan a reliable and relatively cheap energy source, whereas, at this time, the country suffered from high energy import costs. Politically, on the other hand, the agreement was toxic. Tens of thousands of Jordanian citizens protested on the streets against it; parliament rejected it, and civil society launched campaigns against it. The entire controversy illustrated the disjuncture between economic rationality and political reality: while it might benefit, normalization with Israel remains a deeply unpopular issue among Jordanians.

The opposition was sufficient to prevent the government from completely taking advantage of calm for financial advantage. The pact reduced the chances for integration's reality by allowing for conflict between the state and society rather than serving as a means of achieving it.

Vulnerability to Regional Instability

One major setback seems to be the peace dividends' extraordinary susceptibility to regional shocks. One catastrophe after another in its vicinity severely damaged Jordan's already shaky economy. One of the thriving industries after 1994, tourism, was severely damaged by the Second Intifada (2000–2005). The Israeli travel market to Jordan crashed as a result of tourists staying away because of the unrest in the area. Similar trends in tourism did happen after the U.S.-led invasion of Iraq in 2003, during the Syrian civil war that went on from 2011 onward, and the rise of ISIS from 2014. Each of these crises brought about a drastic dip in the tourism revenues that hurt investor confidence within Jordan.

Jordan had to pay the economic costs of flow refugee. The influx of Palestinian refugees during an earlier decade resulted in even more arrivals, including hundreds of thousands of Iraqis after the year 2003 and finally more than "1.3 million subsequently", who flew from Syria in 2011 and onwards. While some financial support did come from the international community, the crises places more strain on the infrastructure, public services, and labor market of Jordanians. Unemployment went up, wages were stagnant and public grievances more increased.

Together, these revealed to states that the peace deal, although beneficial in certain specific sectors, was unable to shield Jordan from the wider and more widespread instability in the Middle East. Indeed, every significant conflict in the area may have wiped out years of advancement and left the economy in a very precarious state.

Structural Problems Remain Unresolved

One could argue that the biggest failure of the peace dividend is its incapacity to address these structural issues that have existed for a long time. The nation's persistent economic problems persisted thirty years after an assumed peace.

Unemployment: Jordan continues to have one of the highest rates of youth unemployment by international standards, typically surpassing 30%. The low rate of female labor force participation restricts the nation's production.

Water Scarcity: Jordan is one of the world's most water-scarce nations, even with the water-sharing arrangements with Israel. The situation was exacerbated by population expansion and climate change, as per capita water availability fell to less than 100 cubic meters annually, well below the globally recognized water poverty criterion.

Dependency on Debt: Public debt had been steadily increasing to exceed 90% of GDP by the late 2010s. Jordan was spared default by aid inflows, but instead of spurring sustainable prosperity, they have strengthened a cycle of dependency.

Weak Industrial Base: Jordan only makes limited forays into higher value-added businesses beyond the apparel sector. There is a dearth of innovative advancement and insufficient domestic demand to support sustained competitiveness.

These ongoing problems demonstrate that while peace has helped secure aid and certain specialized sectors growth, Jordan's economic system has not transformed much. The economy is still fragile, heavily reliant on aid, and unable to support a growing population with enough jobs.

The Dependency Trap

The fact that the peace dividend increased rather than decreased Jordan's reliance on outside sources was one of its contradictions. Although the United States provided considerable aid, it became essential to Jordan's financial survival and established a political economy where external aid takes the place of domestic reform. Dependencies like these are dangerous.

They link Jordan's economic success to geopolitics, particularly in relation to its alignment with Western and American regional policy. Even though aid maintains the monarchy's political stability, it lessens the demand for significant structural changes including labor market reforms, innovation stimulation, and corruption control.

Therefore, the achievements of Jordan highlight externally intervened accomplishments that became sensitive to changes in the global political landscape. The Jordanian economic model might be overthrown if American interests shift or if the world market shifts away from the clothing. Therefore, it goes without saying that this trap severely restricts the likelihood of peace and interest in Jordan's vulnerabilities.

Symbolic Failures

One aspect of the treaty's shortcomings that must be acknowledged is its symbolic nature. Many Jordanians believed that peace with Israel would lead to wealth; when this promise was not met to any extent, they became increasingly cynical.

What was supposed to be a landmark has been tarnished by unmet expectations and repugnant concessions. The consequences of this symbolic failure were long-lasting. It stoked mistrust toward foreign investors, further alienated the public from official politics, and hindered trust in economic measures that depended on normalcy. Although certain groups may have accepted the absence of obvious advancements as time passed, many Jordanians did view the peace accord as a deal that benefits elites at the expense of the regular citizen.

Failure Summary

The magnitude and complexity of the so-called peace dividend's shortcomings overshadow its gains. The finalists have not only promoted the benefits it provided, Jordan has, in fact, benefited from QIZs, tourism, and foreign aid but they have always been constrained, reliant on outside sources, and susceptible to shocks. The entire economy and society are impacted by their opposites: unequal gains, social opposition, internal instability, unresolved structural weakness, and a blatant reliance on aid.

Jordan is remains heavily reliant on aid, heavily indebted, unemployed, and water-scarce more than 30 years after the peace agreement. Many Jordanians now view normalization with Israel as more of a political liability than an economic benefit, and the anticipated peace dividend has not materialized.

Theoretical Framework

This study combines the three international relations theories of Realism, Liberalism, and Constructivism to analyze the economic trajectory of Jordan before and after the peace treaty with Israel. Each theory offers its own explanations for why the treaty was signed and why its economic results were mixed.

The simplest explanation for Jordan's decision to proceed with normalization is realism. Realism's central claim is that nations function within anarchic international systems where survival is the top priority. Jordan faced significant economic and internal security challenges in the early 1990s, including a hefty debt load, strained relations with Gulf nations, and the aftermath of the Gulf War. By forging ties with Israel, Jordan was able to strengthen ties with the US and gain access to debt relief and much needed financial support for the regime's continued existence. As a result, it is evident that realism views the treaty as a survival strategy, one that goes well beyond simple economic analysis.

Each argument provides a different reason for the treaty's signing and its uneven economic outcomes. Additionally, it provides strategic rather than financial advantages to Jordan's worry over the pact. Jordan aimed to fortify its regional position and repel any challenges by siding with Israel and receiving assistance from the US. Given the unstable neighborhood which included Iraq's invasion of Kuwait and unrest in the Palestinian territories, the pact served as a political buffer to reduce external risks. Realism holds that the higher objective of state stability and survival within anarchic regional systems will eventually take precedence over the short term economic gains, such as tourism or exports from Qualified Industrial Zones.

Then, realism helps explain why the economic peace dividend has limited and ineffective consequences. Due to its dependence on foreign aid, vulnerability to regional crises, and internal political resistance, Jordan's economy has become one that can only thrive with outside assistance. Gaining foreign help was more important to the state's survival than enacting significant fundamental changes to its own economy. In this case, the realist view that interstate regimes would be supported by survival and security considerations rather than the more normalized concept of regional economic prosperity that would compete with legitimacy and state resources in an unstable political environment is given credibility by the treaty's mixed results, which include some short-term increases in trade and tourism but no longer any significant structural change.

DISCUSSION

A contradiction might be inferred from Jordan's economic experience following the peace deal with Israel in 1994. Although the pact produced some noteworthy accomplishments, its shortcomings appear to exceed its benefits, at least when it comes to long-term change. The liberal theory that economic cooperation can produce tangible benefits appears to have been supported by the external sources of increased U.S. aid, the opening of new markets through Qualified Industrial Zones, and an initial surge of cross-border tourism. These factors immediately provided fiscal breathing room and relief jobs for some individuals.

The accomplishments could not be sustained, and most of the benefits were dependent on outside actors, particularly the United States, and not on deepened bilateral economic integration with Israel. The seam industry has been much dependent on the frameworks of QIZ but generated most low-paid jobs for migrant workers, contributing little to the Jordanian domestic unemployment crisis. Similarly, tourism's benefits were once more weakened by regional turmoil, including the Second Intifada and the ensuing wars in Iraq and Syria. The realist aspect of Jordan's economic decisions was then made clear by this collection of structural flaws; in the long run, independence must give way to survival.

The economy of the deal has been further limited by the expression of public opposition. For example, the general social dissatisfaction against normalization has made cooperation politically unfeasible for Jordanian officials. The controversial gas agreements with Israel are an illustration of how domestic attitudes can occasionally override more practical economic logic. These limitations on free possibilities for development are derived from constructivist concepts and identity politics as well as the communal memory of the Arab-Israeli conflict.

However, it also demonstrates that, rather strangely, the peace accord had nothing to do with the actual delivery of what the peace "dividend" would have looked like in the first place, even though it gave Jordanian economies a brief reprieve.

CONCLUSION AND RECOMMENDATIONS

The 1994 Israel–Jordan Peace Treaty created expectations that it would result in Jordan's economic change, despite being hailed as a defining feature of Middle Eastern diplomacy. In this context, the term "peace dividend" has been used to refer to economic gains such increased commerce and investments, more tourists visiting Jordan, and border cooperation. Evidence suggests that, despite certain achievements, the wider goal of steady economic expansion did not actually come to pass thirty years after the pact was signed.

Among the major successes were increased U.S. assistance, debt relief, plus Qualified Industrial Zones that gave Jordan's textile exports access to U.S. markets. Furthermore, the logic of dependency in a free market also applied to the early benefits of tourism. These short-term benefits were successful in stabilizing the Jordanian economy, demonstrating that peace accords with significant foreign allies do result in instant economic benefits.

RECOMMENDATIONS

Economic Diversification: Jordan needs to think about other sectors including sustainable agriculture, information technology, and renewable energy in addition to exports that are centered on QIZ. These sectors provide Jordanians better-paying jobs with less political unpredictability.

Revitalization of Tourism: By gaining an understanding of local culture, religious traits, and regional branding, Jordan's tourism industry can become more resilient in generating revenue while being less dependent on a single market.

Cooperation in Water and Energy: Jordan should prioritize regional water desalination, renewable energy, and cooperative infrastructure projects due to the long-term requirements for such projects and the fact that they would ensure a far more permanent peace dividend.

Population Engagement: By emphasizing their advantages for average Jordanians, the monarchy must maintain a constant channel of connection with the general population. Economic cooperation with Israel will fundamentally be politically weak if it lacks public legitimacy.

Regional Lessons: Other Arab nations considering normalization should learn from Jordan's case that potential economic gains are always constrained in the absence of fundamental changes and genuine domestic support.

A well-known example of the limitations of economic diplomacy is the peace accord between Israel and Jordan. Although it offered temporary respite, it eventually failed to deliver the revolutionary wealth that was anticipated. The lesson from the Jordanian situation is that peace accords require more than simply political resources; in order to result in any lasting, significant economic benefit, inclusive policies, strong institutions, and societal support must be implemented.

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