

POLITICAL ECONOMY REVIEW OF MOROCCO

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NEAR EAST BUREAU

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SECTION I EXECUTIVE SUMMARY

A. Introduction

Two questions confront the analyst of the modern Moroccan political economy:

1. Why has Moroccan structural adjustment been the most successful example of economic reform in the Arab world? By 1993 Morocco was (rightly) held up as a "text-book case" of successful economic reform. From 1983 the government implemented a series of stabilization and structural adjustment packages which reduced external and internal imbalances and enhanced the efficiency of resource allocation. Why have the Moroccans succeeded where other countries of the region have failed? Although luck and timing played a role, it is evident that the causes of Moroccan success must be sought in the same arena as others' failure: in politics. From this point of view, the first question then becomes: What political structures, strategies, and coalitions explain successful economic reform? What are the political origins of successful economic reform?

2. Looking beyond past success at the still significant development problems facing Morocco in the 1990s and beyond, what are the main political constraints to solving these problems, and how can political change contribute to economic and social development?

B. Political Origins of Successful Economic Reform

The answer to the first question may be sketched as follows. The King is the key decision maker in the Moroccan polity. His great political skill was used to build and strengthen a pro-reform coalition, composed of two critical groups of "winners" from the economic reform process: large private-sector Moroccan capitalists and the rural notables: the "King's men." The King was also able to overcome opposition from losers, for both economic and political reasons.

Moroccan capitalists have benefited from the opening of the economy, from the growth of output, and from the influx of foreign capital for joint-venture investment. The King himself is the country's largest capitalist, owning roughly 15 percent of the nation's largest diversified holding company. The King can therefore privatize without necessarily losing the political patronage inherent in publicly-owned companies. Other, older and more traditional linkages between the King and the business elite have also been strengthened by the King's strong support of pro-business reforms. Some "new men" have been created by the expansion of export-oriented industry; although these people have benefitted from the economic adjustment policies, they are less well connected politically. They constitute a potential, additional source of support for the King's policies.

Rural notables, long a pillar of the regime, have benefitted from the fact that structural adjustment has favored agriculture in general, and the rain-fed subsector in particular, as agricultural investment has been reoriented towards this formerly relatively disfavored subsector. The large rural population subsisting in this subsector benefitted from a series of

high-rainfall years in the late 1980s during adjustment, as well as from a substantial increase in remittances from abroad, thanks to sound exchange rate management. Long-standing political control mechanisms, which rely heavily on patron-client relations, further contributed to political stability.

“Losers” in the reform process were largely urban. There were significant urban riots in June 1981, January 1984, and December 1990. Urban workers’ losses from structural adjustment were heaviest in the early years of adjustment (1983-1986); after 1987, however, losses were cushioned by the (unusual) fact that economic growth accompanied reform, thereby mitigating the fall in average real wages and the rise in unemployment. Minimum wages in manufacturing rose after 1987 and hundreds of thousands of new, unskilled jobs were created. Growth was possible because of good weather (raising agricultural output, incomes, and purchases from cities) and because of the large increase in exports. Expenditure switching was relatively more important than expenditure reduction in restoring macroeconomic and external payments balances.

Losers have also been contained through the political system. On the one hand, the King has continued to use a wide variety of divide and rule mechanisms. On the other hand, his government has also embarked on a political liberalization process, including releasing political prisoners and holding elections. The King even offered the opposition (*kutla*) Cabinet positions in November, 1993. Although these processes are hardly above criticism, they do suggest a shift in the King’s political strategy, towards greater reliance on (limited) governmental accountability in order to strengthen his legitimacy with the urban population. The King has also skillfully utilized both his traditional religious role as “Commander of the Faithful,” and the patriotism engendered by the Green March and Saharan War. The King was able to draw on a relatively rich associational life; however, these associations have long been prevented from forming effective system challenging coalitions.

Structural adjustment with growth, combined with carefully circumscribed political liberalization, has enabled the King to strengthen his key allies, to mitigate the suffering of the losers, and to reinforce his legitimacy and the political stability of his Kingdom.

C. Political Constraints to Continued Development in the 1990s

However, there are important limits to this process. Understanding these limits poses the second question: what political constraints impede further development? Informed observers of the Moroccan scene increasingly agree that the country’s archaic political system could block continued development, for several reasons.

The King, of course, is mortal. Although he enjoys good health, any political system which overwhelmingly depends for stability on the skill of a single individual is necessarily precarious. This fact is not lost on investors, both domestic and foreign. There is consensus that that Heir to the Throne, Crown Prince Muhammad, will not be able (and, perhaps, does not want) to rule in the same manner as his father. The new King will likely face significant challenges, just as Hassan II did when taking over from his father, Muhammad V. Disruptions from the transition constitute a significant potential threat to consolidating the

development gains of the past decade. A more institutionalized, participatory, modern political system is a necessary component of continued economic development in Morocco.

Weak social indicators and deficient human capital investments constitute a second threat to development, which is, after all, a process of continually shifting a country's comparative advantage towards goods with ever-larger components of increasingly skilled labor in value-added. This cannot happen with a population so deficient in basic literacy as Morocco's. The government will also need to supply a higher quality of life if it is to improve its political position with the rapidly growing urban population. Increasingly educated populations must be provided with jobs, *and* with political participation. The strong correlation between income level and democracy strongly suggests that the demand for political participation has a high income-elasticity. It is also plausible that a political system which is more responsive to popular desires is more likely to supply education. Better education, continued economic growth, and wider political participation are mutually reinforcing.

Wider political participation will also be necessary to retain the support of the winners from economic reform. Large capitalists may well be "timid democrats," content with relying on personal connections to achieve their ends. However, almost by definition, one cannot have a level playing field with a hereditary, ruling sovereign who also happens to be a business competitor. Elements of the haute bourgeoisie will want to see continued political reform, providing it does not jeopardize political stability. Demands for reduction in the endemic corruption which plagues the country are likely to increase as growth continues during the 1990s. Such corruption is itself a constraint to growth, diverting scarce financial and human resources into directly unproductive activities.

Their desires for accountable, but stable, governance are likely to be supported by two other business groups, the "new men" created by the export boom of the past half-decade, and foreign business investors in Morocco. The "new men" have benefitted from economic adjustment policies, but often feel socially (and politically) alienated from the old elite running the Moroccan political system. The King will need to continue to pursue political liberalization if he is to garner their support. Political liberalization is also a necessary complement of the increasingly outward orientation of the economy, specifically, the drive to achieve a NAFTA-like free trade agreement with the EC. Such an agreement is conceived of as a critical component of continued growth and job creation. Such an agreement is not sustainable without political liberalization, given European sensibilities.

Finally, the balance of forces in the country will inevitably continue to shift toward urban political actors during the next decade. Development and drought will continue to encourage the urbanization of Morocco: the good weather of the late 1980s will not be sustained (indeed, the country just experience two successive years of drought in 1991/2 and 1992/3), and, of course, successful export-led industrialization will further urbanize the country. This means that the importance of one of the traditional props of support for the monarchy, rural notables, will continue to decline in importance. By contrast, the role of urban industrial workers, professionals, students, and informal sector workers will increase. For diverse reasons, these actors are likely increasingly to demand a voice in the policy

process. Urbanization is also likely to erode further the King's legitimacy as the Commander of the Faithful: Islamic fundamentalism in Morocco as elsewhere in the region, is a largely urban phenomenon. A resolution of the Saharan War would help economically, but would also remove the appeal to Moroccan patriotism as a unifying factor in the polity.

None of this means that the King will suddenly throw open the doors for political participation. He will continue to combine old and new methods for maintaining his power. The logic of development in Morocco, however, suggests that further political liberalization, if carefully managed, is likely to be an important component both of the King's survival strategy and of the development trajectory of his Kingdom.

SECTION II THE PUZZLE OF MOROCCAN SUCCESS

A. Morocco as a Typical Middle Eastern Political Economy

The success of Moroccan structural adjustment presents a puzzle. The country faced similar imperatives and blockages to economic reform as other countries in the region. In Morocco, as elsewhere, the roots of structural adjustment can be traced to three forces:

- The legacy of state-led import-substituting industrialization (ISI) strategy
- The commodities price boom of the 1970s
- The accumulation of international indebtedness

The origins of the ISI strategy were similar to those elsewhere in the region: colonial rule had left a relatively weak indigenous bourgeoisie, since most modern sector activities in agriculture and industry were in the hands of foreign *colons*. The colonial state was heavily involved in the economy; the Moroccan government inherited some 100 state-owned enterprises at independence. Another 37 were added by 1970. The ranks of the civil service expanded from 12,00 in 1955 to 88,000 in 1969. The logic of early industrialization also strongly suggested an ISI strategy (virtually all countries, including the Asian tigers, followed ISI policies in the early phases of industrialization), and perhaps not surprisingly, ISI was very much the “development orthodoxy” of the time.

As in OPEC countries, the revenue from the commodity price boom of the 1970s accrued directly to the state, which further expanded its role in the economy. Morocco’s boom was, of course, based not on oil but on phosphates, whose price more than quadrupled from 1973 to 1975. During 1974-75, phosphates and derivative minerals accounted for about half of Morocco’s exports, and the share of phosphate exports to GDP increased from 3.8 in 1971 to 13.85 percent in 1974. The 1973-77 Economic Plan was accordingly very ambitious, and public investment increased sharply after 1975. Total government expenditure rose from 19.8 percent of GDP in 1973 to about 40.1 percent in 1977. In 1970 there were 137 non-financial public enterprises; in 1976, there were some 238. Such a resource-boom also had the usual “Dutch Disease” effects: the real exchange rate became increasingly overvalued, shifting incentives away from traded goods production. Here, too, Moroccan experience paralleled that of neighboring oil countries.

Even at the height of the boom, part of state expansion was financed by foreign borrowing. Expansion continued into 1976 even as phosphate prices collapsed (falling by 47 percent), swelling the budget deficit to 20 percent of GDP (Morrisson, 1991). Expenditures rose thanks to the beginnings of the Saharan War, the increased cost of consumer subsidies (rising from 1 percent of GDP in 1973 to 6.9 percent in 1974), (Horton, 1990), the unwillingness to cancel investment projects, and the political fear of cancelling public sector salary increases. Although some initial steps toward stabilization were taken in 1977, the Moroccan government, like so many others, hoped that the adverse price shock was

temporary, and tried to “grow through the recession.” Accordingly, it accumulated an increasingly large foreign debt, which rose from 20 percent of GDP in 1975 to nearly 60 percent (at \$10 Billion) in 1980, when service payments consumed 32.7 percent of exports.

The consequences of this noxious combination of import-substitution, commodity boom-and-bust, and debt accumulation were also very similar to those elsewhere in the region. As the burden of debt became increasingly unmanageable, the government was forced to undertake stabilization measures. In Morocco, as elsewhere, the initial impetus for stabilization came from outside of the country: from the unwillingness of foreign creditors to continue to finance budgetary deficits and the concomitant necessity of the country to turn to the IMF for assistance. In Morocco, as in Egypt, Tunisia, Turkey, Jordan, and other countries of the region, the first key agent of change was external pressure.

Because of the high political costs of austerity, most countries of the region have found adjustment policies difficult to sustain. Here, too, Morocco *initially* also seems similar. Beginning in 1978, Morocco began stabilization by reducing public spending on investment, increasing taxes, pegging civil servants’ salary increases, and reducing the growth of credit to private companies. However, there were serious social repercussions to these measures, whose adverse impact was aggravated by poor harvests due to drought, the second oil shock of 1979, and the rise in prices of imported raw materials. The government retreated from the program in 1979, granting a 10 percent rise of average civil servants’ salaries and a 30-40 percent rise in the minimum wage. The government also expanded food subsidies even as the prices of imported farm products rose.

A second attempt at implementing a stabilization program was aborted when an extremely sharp rise in consumer prices (50 percent) and the government’s decision to reduce subsidies on food products led, in Spring 1981, to major rioting in Casablanca. In the two years (1981-1983) following the Casablanca “bread riots,” Morocco pursued an expansionist policy by borrowing more and more from abroad. Foreign public debt continued to rise, reaching \$11.8 billion (84 percent of GDP) in 1983 (Morrisson 1992) . Drought added to the difficult situation, accelerating rural-urban migration and increasing the need for food imports. The number of state owned enterprises rose to 700 in 1984. By 1981-82 the current account deficit had risen to 12.6 percent of GDP (from 8 percent in 1980) (Morrisson, 1992). By the middle of 1983, currency reserves were almost exhausted, forcing the government to institute emergency measures to restrict imports. In Morocco, as elsewhere in the region, exogenous shocks and political blockages seriously delayed the implementation of stabilization and structural adjustment.

B. Morocco as Exceptional: The Dramatic Success of Economic Reform

In summary, both the origins and initial implementation difficulties of stabilization and structural adjustment in Morocco were strikingly similar to experiences throughout the Near East, and indeed, everywhere among LDCs. And yet, by 1993 Morocco was (rightly) held up as a “text-book case” of successful economic reform. The ingredients of the new policy package were the familiar ones:

- Nominal exchange rate devaluation
- Budgetary discipline
- Tariff reduction
- Real interest rate increases
- Privatization

These macro, sectoral, and microeconomic policies were designed to restore external and internal balances through an expanded role for the market mechanism and the private sector. Such a policy package, called **structural adjustment**, seeks to stimulate exports, restrain imports, and stimulate private and public domestic savings to achieve sustainable growth. Both macroeconomic and sectoral policies are designed to raise the efficiency of resource use by greater reliance on the market mechanism and upon private initiative. The basic policy changes are a devaluation of the currency and measures to restrain demand. The goal is a real devaluation of the currency, i.e., a increase in the relative price of tradeables to non-tradeables, and among traded goods, an increase in the relative price of exportables to import-competing goods. Increased real interest rates, reductions in the effective rate of protection, deregulation and (often) privatization are usually also included. Such measures aim to strengthen financial intermediation and enhance competition.

Moroccan structural adjustment may be divided into two phases. During the first period (roughly, 1983-1986), the government focused on macroeconomic stabilization through contractionary fiscal and monetary policy, along with other measures to achieve a devaluation of the real effective exchange rate, principally the 1985 floating of the Dirham. The government's budgetary deficit fell from 13.6 percent of GDP in 1981 to 3.0 percent in 1991, with a target of 1 percent for 1993. During the first phase, most adjustment took place on the spending, rather than the revenue, side of the public ledger. Spending fell from 34.4 percent of GDP in 1982 to 24.2 percent in 1986. Capital spending was especially hard hit, falling from 7 percent to less than 4 percent of GDP (World Bank, 1993).

The second phase of adjustment continued to pursue active demand management, but increasingly concentrated on stimulating supply. On the demand management side, the government has recently announced (MEED, 2/5/93) that the Dirham is a convertible currency (except for capital transfers). Inflation was held steady at an average rate of 7.2 percent during the 1980s. Consequently, the real exchange rate fell by roughly 40 percent during the decade (22% during the first phase of adjustment), greatly increasing the competitiveness of Moroccan manufactured and agricultural exports, as well as the incentives for Moroccan workers abroad to repatriate their savings. Remittances reached \$1.3 billion by 1989, covering 24 percent of imports (UNDP, 1992).

Some of the most important supply-side policy changes during the second phase of adjustment were trade liberalization through the abolition of many price controls, capital market reform, public enterprise rationalization, and the reform of agricultural incentives. Fiscal reform measures were also instituted: a VAT was introduced in 1986, followed by a corporate profits tax in 1987 and a global income tax in 1989 (World Bank, 1993). Government revenues recovered somewhat (from 18.8 percent of GDP in 1986 to 22.9

percent in 1991), which permitted a recovery in some spending, especially capital expenditure, which rebounded to about 7 percent of GDP (World Bank, 1993).

The export response was strong: exports grew at an annual rate of 6.1 percent during the decade, compared with 3.7 percent during the 1965-80 period. By contrast, import growth decelerated, falling from 6.5 percent in the 1965-80 period to 2.9 percent in the 1980s. Exports rose from 18 percent of GDP in 1965 to 25 percent in 1990. The composition of exports also shifted markedly, with large increases in farm and factory goods (see Table 1). The trade imbalance fell from 11.1 percent of GDP in 1980 to 4.9 percent in 1987; the balance of payments likewise improved thanks to the change in the trade balance and to workers' remittances, which came to roughly \$2 billion in 1990.

These gains were the result of an increasingly efficient economy as the structure of Moroccan production conformed more closely to its comparative advantage. Policy shifts assisted this process. Trade reforms reduced the maximum tariff from 400 percent in 1983 to 44 percent in 1988, and the government has announced a goal of a uniform 25 percent tariff rate. Morocco has also joined GATT, and has entered into negotiations with the EC for a NAFTA-style free trade agreement. The country has maintained a high rate of domestic savings, (19 percent of GDP in 1989) and of investment (24 percent of GDP in 1989), but the resource gap has become increasingly easy to fill thanks to accelerating inflows of foreign direct investment, which rose from \$1 million in 1986, to \$85 million in 1988 to \$165 million in 1990 to \$320 million in 1991 (EIU).

Table 1: Composition of Exports

Sector	1965	1990
Minerals	40%	23%
Other primary commodities	55%	30%
Machinery and Cars	0%	4%
Textiles, Clothing	1%	20%
Other Manufactures	4%	22%

Source: The World Bank

Morocco has managed to reduce substantially the burden of its international indebtedness. The total stock of public debt was some \$21.1 billion in 1991 (MEED 6/19/92). Although the debt/GNP ratio actually rose during the decade (from 53.3 percent to 97.1 percent), the debt service ratio declined from almost 66 percent of export earnings to a (projected) 35 percent in 1992. Less than 20 percent of Moroccan debt is owed to commercial banks; most of the rest carries below market interest rates, with maturities of over 30 years. Moroccan debt is now trading at roughly 50 percent of face value in secondary

markets. Performance was sufficiently strong to permit the country to cancel a planned Phase II restructuring of its commercial debt, because "the debt relief was viewed as unnecessary and inconsistent with Morocco's longer-term objectives to return to capital markets" (Saloman Brothers, 1992). Moroccan debt remains significant, but no longer dictates Moroccan economic policy.

Experience throughout the world strongly suggests that privatization is the most difficult step in economic reform. Morocco has only recently begun to take steps in this area, but its past achievements and its progress to date with the early preparatory stages of privatization strongly suggest that it will persist.¹ The government has announced its intent to privatize companies in diverse industries; the Ministry of Economic Affairs and Privatization has slated 112 state entities for privatization by the end of 1995, including 75 companies and 37 hotels (Saloman Brothers, 1992). Tender documents have been issued and bids received for a number of companies, and initial awards have been made for several hotels (see Table 2 on page 10).

Morocco's performance in economic reform has been all the more remarkable because it has been accompanied by growth: GDP expanded at an annual average rate of 4.0 percent during the 1980s. Manufacturing expanded at 3.8 percent per year. TOO LOW??? This is highly unusual: economic restructuring is necessarily deflationary in the short-run. For example, in Latin America, where they speak of the 1980s as the "lost decade," manufacturing grew at 1.7 percent; in Mexico, to which Morocco is often now compared, manufacturing expanded at 1.4 percent during the 1980s. Thanks to the expansion of Moroccan industry, the demand for urban manufacturing labor grew at 5.5 percent from 1979-83, and accelerated to 8.8 percent from 1985 to 1990 (World Bank, 1993). It is easy to see the central role of growth in mitigating the social pressures of adjustment: despite rapid expansion of the demand for manufacturing labor, the numbers of the urban unemployed rose from 322,000 in 1982 to 519,000 in 1984 (Morrisson, 1991) to 803,000 in 1990/91 (Ministry of Social and Economic Affairs, 1992). The urban unemployment rate in 1990/91 was over 20 percent, compared with about 12 percent a decade earlier. One can only imagine the consequences of adjustment in Morocco *without* economic growth!

The World Bank's regional director for the Middle East and North Africa summarized Morocco's achievement:

Morocco is perhaps the only country in the world which has, at the same time, created a realistic hope for a durable solution to its foreign debt problem, put in place a basic program of structural adjustment, re-established a sound balance of payments situation, instituted monetary stability and stifled inflation while carrying through economic growth at about 4 percent a year (EIU 1992, 1).

Two factors explain the combination of growth with adjustment: good policy and good luck. There has been remarkable continuity in Morocco's top economic decision

¹ Following McKinnon (1993), one could even argue that Morocco's waiting to begin privatization until after fiscal reform was an optimal reform strategy.

**Table 2:
Privatization in Morocco**

Stage	Industry	Company	Potential Buyers
Stage I Announcement of Intent to Privatize	Energy	SNPP's stakes in Shell, Mobil, Total, and Dragon Gas	
	Steel	Sonasid's Morgan wire rod mill	Spanish and Italian firms
	Tire	General Tire	
	Sugar	Sunab, Suta, and Sunat	GOM looking for one purchaser to buy all three
	Textiles	Complexe Textile de Fès (Cotef)	
	Textiles	Chelco	
	Textiles	Vetnord	
	Textiles	Cotef	
	Textiles	ICOZ	
	Textiles	Iboval	
	Shipping	CTM-LN	
Stage II Issue of Tender Documents	Sugar	Société de Dérivés du Sucre (Soders) Tender issued October 1992	There were 9 bidders, 4 of them foreign
	Oil Distribution	Societe Petrole du Maghreb (Petrom) Tender issued April 1993	
	Oil Distribution	Compagnie Marocaine des Hydrocarbures (CMH) Tender issued April 1993	
	Cement	Cimenterie de l'Oriental (Cior) Tender issued January 1993	Lafarge Coopée (France), Ciments Français (France), Ciments d'Origny (Swiss), Italcementi (Italy) and Seltesc
Stage III Award of Tenders	Hotel	Malabata Hotel (Tangier) Tender issued December 1992	Tender awarded March 1993 to an unnamed organization
	Hotel	Basma Hotel (Casa) Tender issued December 1992	Tender awarded March 1993 to an unnamed organization
	Hotel	Transatlantique Hotel (Meknes) Tender issued December 1992	Tender awarded March 1993 to an unnamed organization
	Hotel	Transatlantique Hotel (Casa) Tender issued December 1992	Tender awarded March 1993 to an unnamed organization
	Hotel	Tarik Hotel (Tangier) Tender issued December 1992	Tender awarded March 1993 to United Moroccan Hotels (UMH)
	Hotel	Amardiens (Tafrouit) Unclear when tender issued	Tender awarded March 1993 to Floride (Morocco)

Source: Middle East Economic Digest

makers, who, in turn, have been supported by highly capable technocrats. The sequencing of liberalization (first exchange rate and budget, then trade policy, then financial sector, and finally privatization) was well conceived and well implemented. These sound policies were responsible for the surge in commodity exports and in workers' remittances, which provided the engine of growth. Expenditure switching (to external demand) could therefore be stronger, permitting expenditure reduction (cuts in domestic demand) to be cushioned, while achieving external and internal balance.

The country also enjoyed good luck: in general, Morocco can expect to face recurrent drought. During the late 1980s, however, the country was lucky enough to experience successive years of good weather, leading to a series of exceptionally large harvests. Moroccan agriculture grew at 5.8 percent during the 1980s, the strongest agricultural performance in the Arab world (Richards, 1992). Farm bounty decelerated rural-urban migration by raising rural incomes, and agricultural job creation just kept pace with new entrants to the rural labor force. It is possible that having good weather when it was so badly needed also reinforced popular perceptions of the King's possession of *baraka* or special blessing from God.

But neither luck nor talent is a sufficient explanation for Moroccan success. The role of luck can be easily exaggerated. One measure of rainfall's impact on the farm sector is the variability of cereal production, which is overwhelmingly produced under rain-fed conditions. Rainfall was not markedly less stable in the 1980s than it was in previous decades.² Further, good policy itself requires explanation: lack of capable technocrats explains few reform failures in middle-income countries. Moroccan economists, capable as they are, are not dramatically more talented than their Egyptian counterparts. In particular, technocrats cannot implement programs without sustained political commitment by governments. We must look to politics to explain the success of Moroccan reform.

² The difference in the coefficient of variation of cereal production in the period 1979-90 compared with 1961-76 is statistically insignificant (Richards, 1992).

SECTION III

WINNERS AND LOSERS IN MOROCCAN REFORM

A. The Reform Coalition in Morocco

Any explanation of policy change in Morocco must begin with the role of King Hassan, who rules as well as reigns. The key question is, "What benefits did economic reform offer the King?" In any country, elite commitment is an essential ingredient of successful economic reform. However, the structure of the Moroccan polity, and the King's great political skill, means that his role is decisive. We must ask how the King could use structural adjustment to strengthen his position. This amounts to asking how he could use reform to buttress his "ruling coalition"; how could structural adjustment help him to reward his friends and neutralize his adversaries?

The principal winners from economic reform included two groups of people (the "King's men") who have long supported the King:

- Wealthy Moroccan businessmen
- Rural notables

Additional winners were the "new men" in the relatively competitive, export-led industries like textiles, apparel, and food processing which boomed in the second half of the 1980s. Although little is known about these people's political orientation, they seem to have been, at a minimum, politically quiescent during adjustment. Another key actor, the military, greatly expanded during the Saharan War, and received the King's strong support—and his careful control. The King prudently shielded the army from the rigors of austerity, and as always, carefully monitored and consulted with the senior officer corps.

The losers, such as urban bureaucrats and urban workers, were either his adversaries, or less strongly, those who felt some rivalry with the King. The King had long had an uneasy relationship with the Francophone, *Marxisant*, urban intelligentsia and (middle to upper) civil service workers (Leveau, 1985; 1993). He had accommodated them out of political necessity in the 1960s and 1970s. Here is a key difference with neighboring Arab republics: a state-dominated economy was *never* central *either* to the King's ideological claim to legitimacy *or* to his ruling coalition. In an important sense, economic reform gave the King a golden opportunity to reward his friends and undermine his critics. It is typical of King Hassan's skill that he seized this opportunity. Some of the losers' pain was mitigated by economic growth, and all were contained by the political system, which prevented (and prevents) the formation of system-challenging coalitions.

B. Winners: All the King's Men

B1. Moroccan Capitalists

The primary winners from economic reform were Moroccan capitalists. Any firm producing for foreign markets usually benefits from structural adjustment; many of these firms were relatively large, formal sector producers. Privatization also helps them, particularly if they can enter into joint ventures with foreign investors. Such undertakings are becoming increasingly common in Morocco. An illustrative list of recent joint ventures is found in Table 3. Such arrangements make Moroccan firms more competitive through technology transfer and access to foreign markets. The "French (and increasingly, Spanish) Connection" is critical to the success of reform and to the prosperity of Moroccan capitalists.

What are the origins of this class? There are two principal groups: *Fassis* and *Soussis*. Much of the domestic and foreign trade is still controlled by urban families descended from Arabs who were expelled from Spain in the fifteenth and sixteenth centuries. Many settled in Fez, the center of business power until the early part of the twentieth century. *Fassis* dominate the textile industry and trade, although they have also moved into other areas. Because of their better education and skills, they have moved into positions of power within the government and have favored policies that protect their business interests.

The Fez families are rivaled in economic power by Berbers from the Sous River valley, who have tended to dominate food retailing and wholesaling. Many retailers in the cities are descendants of members of the few Soussi tribes that migrated to urban areas during the nineteenth century and started small grocery businesses. The initial success of the first ventures brought many other Soussi families north, where they entered retailing. After World War II, the more successful Soussi merchants became wholesalers or moved into other kinds of businesses. Despite economic rivalries between the Arab Fassi and Berber Soussi groups, they often pool their resources to make joint investments in new endeavors. It is estimated that only about 70 families control 60 percent of the country's private industrial capital.

The recent export boom *may* have reduced this concentration: relatively competitive industries like textiles, clothing, and leather accounted for 42% of new enterprises (851 new firms), 59% of new jobs, and 43% of export growth from 1985 to 1991 (Ministry of Planning). (*Fassis* have, however, long been prominent in the textile industry). Agro-industry added an additional 376 new firms; much (but not all) of this industry is competitive (USAID, 1990). It is likely that a "new class" of Moroccan capitalists may be emerging; potential political implications of this phenomenon are addressed in Section V.

The King himself, however, is Morocco's premier capitalist. He is the nation's largest landowner, and over the past decade he has modernized his wealth and diversified his portfolio. He is the largest shareholder (reportedly some 15 percent) in Morocco's largest conglomerate, l'Omnium Nord-Africain (ONA). ONA is a huge business conglomerate that employs 18,000 people and controls 43 large enterprises directly and another 86 indirectly. (For detail, see Annex 1). Far from losing patronage as a result of privatization and other

**Table 3:
Illustrative Joint Ventures in Morocco 1992**

New Company	Moroccan Company	SOE or Private	Foreign Company	Industry	Date Reported
1. Société Internationale de Financement et de Participation (Interfina)	BMCE & BNDE	Private SOE	Banco Exterior de España (Spain) Crédit Lyonnais Investissement (France)	Privatization fund	Feb 1993
2. Surimarocun	Benabdallah Group	Private?	Fleury-Michon (France)	Fish processing	Feb 1993
3. Puerto Loisirs	?		MQ-MAK (Spain)	Tourism	Jan 1993
4.	Gromatex & others	Private?	Schaeffer & Compagnie (France)	Textiles	Dec 1992
5.	(none)		Kia Motors (S. Korea) Renault (France)	Automobiles	Nov 1992
6.	(none)		August Oetker (Germany) and Royal Brands (Spain)	Food	Oct 1993
7. Metragaz	Société Nationale des Produits Pétroliers (SNPP)	SOE	Enagas (Spain)	Energy	August 1992
8. Centro Mediterraneo Internacional de Comercio	Moroccan Chamber of Commerce & Industry (located in Spain)	SOE?	Rifena de Comunicaciones	Telecommunications	Sept 1992
9. Sodegas	Société Nationale des Produits Pétroliers (SNPP)	SOE	Enagas (Spain)	Energy	August 1993
10. Makro Maroc & Marjane	ONA	Private	DHV (Dutch)	Retail	June 1992
11.	Banque Marocaine du Commerce & de l'Industrie	Private?	Banque National de Paris (France)	Offshore banking	June 1992
12. Pêchuers de France	ONA	Private	Union des Coopératives de Pecheurs de France (UCPF)	Fish processing	June 1992
13. FIMA	Local private interests	Private	Sogetima (France)	Finance	June 1993
14. Banque Internationale de Tanger	Crédit du Maroc	Private?	Crédit Lyonnais (France)	Offshore banking	April 1992
15. MIBlue	Nasco Group	Private?	Carrera (Italy)	Textiles	Jan 1992

Source: Middle East Economic Digest and The Economist Intelligence Unit

private sector reforms, the King and his close allies and associates will have more resources at their disposal. Remy Leveau has called this the "Louis XIV strategy" (Leveau, 1985).³

B2. Rural Notables and Agro-capitalists

The King enjoys substantial support in the rural areas. There are two sub-groups among his key agriculturalist constituents: agro-capitalists of the irrigated perimeters and rural notables, most of whom live in rain-fed farming areas. The first group is very much the creation of the King. Although irrigation development began under the French, the lands of departed *colons* were granted to wealthy Moroccans at independence, creating a tie between the recipients and the King. The French policy of investing in irrigation perimeters for Moroccan farmers, which began in the Tadla area in the late 1930s (Swearingon, 1987), continued after independence, as the government continued to invest in irrigation and thereby to create additional clients.⁴ The second group have since independence been a pillar of support for the King, who used them as a counter-weight to the Francophone urban middle-class opposition (Leveau, 1985).

Structural adjustment typically benefits the agricultural sector as a whole, since a real currency devaluation increases the relative price of traded to non-traded goods. It also favors export crops. Since industry usually enjoys higher rates of protection than import-competing crops, tariff reform combined with real exchange rate devaluation improves agriculture's domestic terms of trade. Of course, the magnitude of the impact will vary with the crop: producers of goods in which the country has a comparative advantage will be favored, as will those who have enjoyed relatively few subsidies. Agriculture may, however, face losses from withdrawn subsidies and reduced investment (Binswanger, 1992; Sarris, 1992).

Moroccan policy was never as seriously biased against agriculture as that of neighboring Algeria. Agriculture, especially the irrigated subsector, received significant subsidies, and sectoral price policies actually supported the sector. However, macroeconomic policy (exchange rate overvaluation) overwhelmed sectoral policy. Further, the industrial sector was more heavily protected than agriculture, shifting the domestic terms of trade against farmers. Both investment and pricing policies were biased against the rainfed subsector.⁵ Government marketing monopolies also led to the usual inefficiencies, such as ill-timed delivery of inputs, and imposed significant costs on the Treasury. The state-run

³ "L'état, c'est moi."

⁴ Prior to 1980, large-scale irrigation projects accounted for over half of the GOM investment in agriculture; up to 75 percent if the construction of dams is included. The results have been substantial. In 1957, only slightly more than 53,000 hectares were irrigated, by 1984, the country had more than 450,000 hectares of irrigated land. (Crawford and Purvis, 1986)

⁵ The effective protection coefficient for rainfed farming was approximately 1.0 (i.e., neither protected nor taxed), while the coefficient for irrigated farming was 1.5 (50 percent protection). (Kydd and Thoyer, 1992). Historically, the construction of dams and irrigation systems has accounted for up to 75 percent of the GOM agriculture budget, leaving few resources for investment in the rain-fed sector. (Crawford and Purvis, 1986)

irrigation organizations underpriced water and had low recovery rates, leading to further budgetary costs. Ultimately, these macro costs were decisive in agricultural policy reform, which came later and has proceeded more slowly than industrial reform.

The evidence suggests that economic reform benefitted agriculture. Although it is difficult to disentangle the effects of structural adjustment from that of favorable weather, Moroccan agriculture did very well in the late 1980s, and indeed (taking due account of drought in the first half of the decade), during the entire decade. During the 1980s, both agricultural and food output grew at 5.8 percent per year; agricultural production per capita was roughly 25 percent higher at the end of the decade in comparison with the beginning. Cereal production grew at 7.5 percent from 1979 to 1990, the most rapid growth rate of any Arab agriculture outside of the heavily subsidized Gulf. Although the agricultural trade balance was negative between 1974-88, it was positive from 1986-89. Analysis of FAO data shows that Morocco was the only Arab country except Saudi Arabia which became more self-sufficient in cereals during the 1980s (Richards, 1992).

Moroccans in the rain-fed subsector either benefitted, or did not lose, during the 1980s. The government has traditionally kept prices of staple crops such as cereals low in order to subsidize the urban poor. This policy had a profoundly negative effect on the rain-fed sector which produces the majority of the country's cereal products (although cereals account for a significant portion of the irrigated crops as well). The late 1980s saw liberalization of the domestic pricing and trade policies for almost all cereals except soft wheat (whose protection actually increased). In addition, by the mid-1980s, the government's agricultural investment policy began to shift toward the rain-fed sector. In 1980, approximately 25 percent of the budget for agricultural investment went to the rain-fed sector, by 1984, the percentage had increased to 37 percent (Crawford and Purvis, 1986).⁶

Structural adjustment benefitted those traditional pillars of the monarchy, the rural notables and small landowners in the rain-fed sector. Their poorer neighbors either gained or did not lose. Rural job creation just kept pace with additions to the labor force; remittances, which increased by 80 percent in real terms during the decade, largely accrued to rural families. The expansion of irrigated farming and of medium and large-scale farm operations generally also contributed to an increase in the demand for unskilled rural labor (de Janvry, 1991); one recent study found that nearly 2/3 of farmers rely on off-farm employment for their income (BenSanja, 1993). The percentage of the rural population in poverty declined from 44.7 percent in 1970 to 32 percent in 1985 (Morrison, 1992) and to 17.9 percent in 1990/92 (Ministry of Social Affairs, 1993).⁷ Small farmers remained tied to their wealthier

⁶ However, this larger percentage was applied to a smaller base; real public investment in agriculture fell during the 1980s. This fall was more than offset by an increase in private agricultural investment, most of which went into irrigated agriculture (World Bank, 1993).

⁷ There is, however, contrary evidence. Malnutrition, which fell considerably from 1971 to 1987 seems to have increased thereafter (World Bank, 1993). However, this affliction is quite concentrated regionally. Note also that high cereal prices *hurt* net buyers of food (e.g., very small farmers and the landless) in rural areas.

patrons through various patron-client relations, ensuring that economic benefits were translated into political support for the King.

Irrigated capitalists experienced both gains and losses as a result of economic reform. On the one hand, they lost some input subsidies. Almost 80 percent of public subsidies have accrued to farmers in the irrigated sector, and these farmers received many services such as input delivery and artificial insemination of livestock for free of charge. The government has significantly reduced or eliminated many of these subsidies. On the other hand, the demise of state monopolies in input supply and output marketing (especially in exports) helped the irrigated capitalist. In addition, the devaluation of the dirham has increased agricultural exports, a benefit which largely accrued to the irrigated capitalists as they are the primary producers of export crops. Perhaps the most significant pro-farmer policy was the decision in 1984 to exempt agriculturalists of all direct taxation until the year 2000 (with an extension to 2020 likely).

The growth of agribusiness has been quite dramatic. New technology has become more widely diffused. Technological innovations often start on "les Domaines Royaux," and if the pilot programs prove successful, spread to a wider audience through special development and credit programs (Wilcock, et al., 1990). In short, this modern sub-sector, very much the creation of the King and his past policies, has prospered. Both irrigated farmers—and the King—know this.

B3. The Army

The army is the final bulwark of the regime; not surprisingly, it has been carefully protected from bearing the costs of structural adjustment. As in other Arab states, the army is the only institution which can effect a sudden change in government. The King is very well aware of this central fact of Arab politics, and has acted accordingly.

Until 1971, the Royal Armed Forces (FAR), or more specifically, senior military officers, were the monarchy's staunchest supporters. Many of the senior officers had held commissions in the French or Spanish military and had even participated in operations against the independence movement. Despite this fact, or because of it, Mohammed V allowed them to return to Morocco to form the nucleus of the FAR. The monarch's policy of constantly shifting military commands prevented the officers from developing significant personal constituencies, thus reinforcing their loyalty to the throne.

When Hassan became crown prince in 1957, he was appointed chief of staff of the FAR. He enlarged the armed forces and ensured that their material requirements were met. He steadily integrated the senior officers into the royal patronage system, a task made easier because, as chief of staff, he decided promotions. After becoming king in 1961, Hassan divided Morocco into military regions, each directed by a trusted officer.

The FAR has historically been staffed by Berbers and other men of rural origin. At independence, men from the Army of Liberation and Moroccans in the French and Spanish armies combined to form the armed forces of Morocco. The Army of Liberation was

dominated by Berber soldiers, who subsequently entered the rank and file of the FAR. The officer corps of the new army was composed principally of men educated at Azrou and Meknes who had served with the French forces. These men also tended to be sons of wealthy and prominent rural families.

The rural and Berber character of the army elite served not only to maintain order for the king but also to act as a political counterweight to the leftist Istiqlal party and the urban establishment. Army officers, for their part, were generally eager to participate in this alliance, believing in an apolitical military loyal to the state. They also believed that strong ties to the palace were the best way to keep the rural and Berber world from being dominated by the urban Arab elite, although they were not advocates of Berber nationalism. Finally, they recognized that the army provided an important avenue for personal mobility and for access to resources, enabling them to participate in the same national spoils system as other elite groups. More recently, important links have been forged between the military and business elite, further strengthening the Royal coalition (Leveau, 1985).

The alliance between the military and the king was badly shaken by the attempted coups d'état of 1971 and 1972. Although personal matters may have been decisive, political discontent, particularly with governmental corruption, was apparently an additional motive of the conspirators. The failed coups shook the political leadership and dealt a severe blow to the king's confidence in his political alliances, for King Hassan felt he knew, individually and collectively, the high-ranking officers of his army. The events of 1971 and 1972 showed that the military's traditions of loyalty and neutrality could not be counted on to override personal and political discontent.

In the years since those events the king has liquidated the disloyal officers and created a more professionally oriented army. The army's mission in the Western Sahara has associated the military prominently with a popular and prestigious national cause. This has rebuilt the status of senior army officers, tied them more firmly to Hassan, and given the king an opportunity to provide them with substantial material benefits. The King's control of the armed forces is further strengthened by his reserving the Defense portfolio for himself; there has been no Minister of Defense since the last coup attempt 22 years ago. The army's budget doubled between 1974 and 1978. The number of men under arms has grown steadily, from roughly 60-70,000 in the mid-1970s to about 200,000 today.⁸

It appeared that by the early 1980s the army had once again become staunchly loyal to the king and his military policies, especially his strong nationalist stand on the annexed territories in the Western Sahara. Continued successes on the battlefield further cemented ties between the monarchy and the army. However, the King is not entirely safe from military coup attempts, as the discovery and arrest of military officers involved in a plot in January 1983 shows. The King will continue to devote both material and political resources to maintaining close control of the armed forces.

⁸ This continued a previous trend of steady expansion: at independence there were 14,000 soldiers, and in 1958, some 30,000.

C. Losers

The principal losers from structural adjustment are exactly those whom simple macroeconomics would predict: urban workers, especially those in non-traded goods like construction and government services. In manufacturing, skilled workers fared less well than unskilled workers. Workers' losses were mitigated, but not eliminated, by economic growth. They also tended to be concentrated in the first phase of adjustment. In any case, these (partially mitigated) economic costs did not translate into effective political opposition either to reform or to the Monarchy.

We may usefully divide urban workers into four groups, based on their employment subsector:

- Private formal sector workers
- Informal sector workers
- Civil servants
- Workers in state-owned enterprises

Although each bore some burden of adjustment, significant differences exist among them.

C1. Private Formal Sector Workers

Private formal sector workers bore two principal costs: unemployment and falling or stagnant real wages. Like all urban dwellers, they also bore the brunt of the costs of declining consumer subsidies. Urban unemployment rose alarmingly, since the supply of labor grew more rapidly than demand. The numbers of the unemployed swelled dramatically in the early phases of adjustment; from 1982-84, the number of unemployed increased by nearly 200,000; as we have seen, both the numbers of the unemployed and the unemployment rate continued to increase throughout the decade.⁹ The unemployment data may understate the magnitude of the problem, especially among the unskilled. Many discouraged workers may have simply been absorbed by the vast, amorphous "informal sector" (Morrisson, 1992).

In Morocco as elsewhere in the region, most of the unemployed are young and have received some education. The official unemployment rate for those ranging in age from 15-24 years rose from 17.8 percent in 1982 to 30.9 percent in 1989. The majority of the unemployed are less than 25 years old and have some secondary and/or higher education. (See Table 4). Most of the unemployed (55 percent) are new entrants to the labor force (World Bank, 1993). Unemployment disproportionately affects educated Moroccan women. (Morrisson, 1992). The relatively educated can more easily afford to be unemployed, since family support permits them to wait for a job.¹⁰

⁹ See page 10 above; the rate of increase of unemployment slowed during the second, export-led growth phase of adjustment.

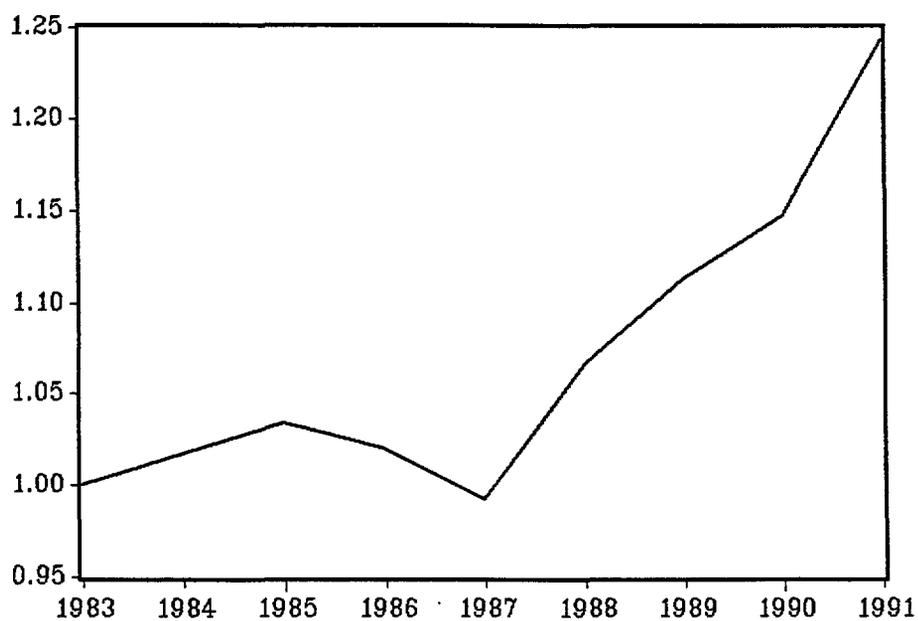
¹⁰ In Gunnar Myrdal's memorable phrase, "Unemployment is a bourgeois luxury."

Table 4: Unemployment Rates in Morocco by Educational Level, 1991

Education	Urban	Rural	Total
Less than primary	16.7%	4.4%	8.4%
Primary	25.6%	15.5%	22.4%
Secondary certificate	31.1%	39.6%	32.3%
Baccalaureat	40.8%	---	38.6%
Professional Diploma	21.1%	23.3%	21.4%
Higher Degree	10.7%	15.1%	10.8%

Source: Ministry of Economic and Social Affairs

Figure 1: Real Minimum Industrial Wage in Morocco, 1983-1991



Wage developments during adjustment were mixed, both by phase of adjustment and by type of worker.¹¹ One analyst (Morrisson, 1992) argues that the average real wage in industry fell by over 25 percent from 1980 to 1986, but that the minimum non-agricultural wage rose by 15 percent during the same period. Although other sources (Ministry of Planning) provide data which suggest that the minimum industrial wage was roughly stagnant from 1983 to 1987 (See Figure 1), there is consensus that minimum wages increased during the second phase of adjustment. Given the composition of unemployment, there is little reason to expect that the minimum wage is above the market clearing level. The bottom tier of employed workers thus actually benefitted from reform.¹²

However, data problems and other information should make us wary of concluding that unskilled workers were “winners” from the adjustment process. In particular, there seems to have been a marked increase in “temporary” employment in manufacturing (World Bank, 1993). The reasons are predictable: labor market regulations which make it very difficult to fire workers after they have worked for a firm for more than one year. Nevertheless, the increase in insecure, low-paying jobs may, or may not, make those with such jobs feel better off. There is reason to suppose that, despite the fact that the urban poor are better off than they would have been without adjustment (the old economic order was unsustainable), this may have few political implications. From a political point of view, it is perceptions, not economic analysis, which counts.

Skilled workers fared less well. More skilled workers felt the adverse effects of the surge in supply of young, relatively educated job seekers, which impacted wages as well as employment. In sum, skilled private formal sector workers bore significant costs of adjustment. These costs were partially mitigated by growth, which created some 590,00 jobs between 1982 and 1986. The costs also seem to have been concentrated among the relatively skilled, educated young, especially including women, while unskilled workers’ real wages actually rose.

C2. Informal Sector Workers

Informal sector incomes are estimated to have fallen by 10 percent in the early phases of adjustment (1983-84), but then to have recovered: real incomes in 1986 in this sector are estimated to have been roughly equal to those in 1982. There was a large expansion in the

¹¹ As usual, there are inconsistencies in available data on wages and employment. For example, the World Bank simultaneously asserts that consumption per capita increased, labor productivity in industry fell, and the composition of output shifted toward industry during the second phase of adjustment. Such a combination is difficult to justify. Accordingly, all inferences in this section are illustrative and tentative.

¹² The World Bank argues that the minimum wage in industry rose, while the average industrial wage fell by 1.0% per year from 1984 to 1990. They argue that the explanation for combined phenomenon of rising minimum wages and falling average wages is a shift in the employment mix toward unskilled labor. This is plausible; however, note from Figure 1 that the real minimum wage was roughly stagnant from 1984 to 1987. The fall in average wages over the six year period, 1984-1990, may be partly a “statistical artifact”. Average wages *may* have also risen since 1987.

numbers of workers in this sector, which played its role as a "labor market shock absorber." The available evidence suggests that informal sector workers bore some of the costs of adjustment, and that their fortunes were very closely tied to growth performance. It is reasonable to assume that informal sector workers are very close substitutes for unskilled manufacturing workers; since the latter's wages rose during the second phase of adjustment, it is likely that the incomes of informal sector workers also rose during the same period. As adjustment proceeded, the costs fell and the benefits increased: according to a World Bank/UNDP survey conducted in 1990/91, from 1985 to 1991, real income per capita rose at 5 percent per year, and the percentage of the Moroccan population which is below the poverty line fell from 30 percent to 15 percent. This means that real incomes today are, on average, more one third higher than at the beginning of the adjustment process (EIU, 92/2). On the other hand, per pupil education expenditure and per capita health spending fell; there is evidence that such cutbacks disproportionately affected the poor (Morrisson, 1992).

C3. Public Employees

Public sector employees naturally paid heavily for budgetary austerity. The downturn in employment actually began with the onset of the government's financial crisis in the late 1970s, before the adoption of reform measures. The government abandoned its job guarantee, and slashed civil service employment from 434,000 in 1982 to 356,000 in 1989. Real wages fell by roughly 20 percent between 1980 and 1986. Even these workers real wages may have increased during the second phase of adjustment (World Bank, 1993). Despite the abolition of the job guarantee, the government responded to the riots of December 1990 by offering to create 40-50,000 jobs for unemployed university graduates. Managers and workers in state-owned enterprises may fear privatization, but it is not clear that they will necessarily lose; the King will be careful not to create large numbers of discontented losers through privatization

Public sector managers may gain from privatization. First of all, managers of state enterprises are protected by the Statut Général de la Fonction Publique (Law of December 30, 1971) which makes clear that managers can lose or leave their job under three conditions only: retirement (at 60 for some, 65 for others); dismissal or layoff (as a disciplinary measure only); and resignation (which has to be accepted by the nominating authority). This general status has been confirmed by the Loi-Cadre of December 21, 1989 which was passed with an eye on the privatization program. Second, although there are no laws regulating the transfer of public enterprises' to the private sector, the government is imposing and implementing various conditions on the modalities of transfer. Among these conditions is the job guarantee for previous public sector employees. The private sector can make proposals to lay off some of the staff, but employees must not only receive indemnities, they must also agree to leave.

The policy of protecting jobs after privatization may not apply as strictly to workers. It became an enforced policy after lengthy parliamentary debates and bargaining among the government, private capital (through the Confédération Générale Économique Marocaine), and labor unions. The King, in his speech to Parliament of April 9, 1988, made it clear that privatization must not result in layoffs. This policy, he suggested, could be enforced by a

contract between the state and the company to be privatized. Finally, one of the provisions of privatization is that some shares be reserved for employees.

C4. Students

The final set of losers is students. In Morocco as elsewhere in developing countries, education has expanded rapidly (although less rapidly, especially at lower levels, than elsewhere in the Arab world). The number of students in primary school doubled between 1972-73 and 1982-83. Secondary school attendance increased rapidly from a very low base, so that by 1991, 51.7% of urban 14 to 16 year olds were enrolled in secondary school.¹³ But change was most spectacular in higher education: from 1971 to 1986 the numbers of university students increased from 15,000 to 170,000; this increase was linked to the opening of 4 new universities (Morrison, 1991). There are nearly 4 million students, of whom well over 1 million are at the secondary level, and over 200,000 students in universities and technical schools. Such rapid expansion, coupled more recently with budgetary austerity, has created the familiar economic, social and political problem of large numbers of semi-educated, frustrated young people. Their teachers are likely also discontented, since, like other civil servants, they have seen a significant decline in their real wages. Educational quality has suffered, and political discontent has flourished among secondary schools and universities.

An additional problem compounding discontent among the young is the "Arabization" of education. Since some elite university courses (e.g., engineering and economics) are *only* available in French, the masses of students passing through Arabized secondary schools are automatically excluded from a potential path of upward socio-economic mobility. Many informed observers believe that the Arabization of education has also led to a decline in the quality of education, in part because Arabic books, articles and other materials on some subjects seem to be unavailable.

In recent years, students have also become increasingly disenchanted with political and social conditions in Morocco, notwithstanding their general support for the regime's policies in the Western Sahara. As job opportunities diminish, the appeal of radicalism rises, and more youths engage in confrontational politics. The latest outbursts occurred in late 1991 on the university campuses in Fez, Oujda, Kenitra, and Marrakech which witnessed violent clashes between various groups of students and, at times, with police and other security forces. Most of these clashes have taken place between Islamic militants and left wing radicals battling over the control of the major student organization, the National Union of Moroccan Students (UNEM).

C5. Key Political Implications

From a political perspective, the key losers from reform were (semi-)educated urban youth, who in Morocco, as elsewhere in the region, constitute an important recruiting ground

¹³ Rural figures were far lower: only 10.9% of rural 14-16 year olds were enrolled. See below, Section V, on some implications of educational problems for the sustainability of Moroccan reform.

for political Islamists (e.g., Tessler, 1992). Many observers feel that the King has increasingly lost touch with the urban poor. During the riots of January 1984, "some protestors carried pink parasols to express their disdain for royal pomp and their indignation at the excesses of the elite" (Tessler, 1992, p. 26). Many of the urban poor do not share the sense of religious veneration for the King which remains widespread in rural areas. A series of urban explosions have rocked the Kingdom over the past decade.

However, none of these ever constituted a threat to the Monarchy or to the reform process. The King can rely on significant repressive forces, and does not hesitate to use them when he believes it necessary. But the King has not relied only on the stick. He has also used carrots, both economic, in the form of growth, and political, through measured, carefully crafted and limited expansions of the space for political participation. In the aftermath of the 1990 riots, the King made some concessions, such as offering public sector jobs to graduates, and opening consultations between government, unions, and management. The King has also decentralized some governmental functions and permitted elections. These measures constituted the "political carrot" to help to contain the frustration and alienation of the losers from economic reform. A deeper understanding of the "carrot" side of the King's strategy requires a firmer grasp of the institutional matrix within which the political game is played, the organization of interest groups, and the fissures in opposition coalitions.

SECTION IV THE POLITICAL GAME IN MOROCCO

In order better to understand the King's past and future political survival strategy, it is necessary to have a closer look at political institutions. This will enable us to grasp how the political system supported economic reform by allowing the King to reward his allies and neutralize his opponents. The King plays a complex game of divide and rule, in which a shifting mix of patronage and repression is used to maintain political stability. The Palace, with its resources to reward and punish, is at the core of the game. However, success requires that other players both exist, and be relatively weak. By understanding the roles which the King gives himself and other players in the game, we can better understand how political stability was maintained during economic reform. We can also gain insights into the question of whether and how political institutions might constitute a barrier to future development.

A. The Key Player: the Monarchy

The monarch and the monarchy are at the center of Morocco's political economy. Despite the existence of certain pluralistic features, including a multiparty system, autonomous interest groups, independent unions, and a relatively free press, the monarch not only reigns, but rules. The king relies on his traditional legitimacy to retain the support of the rural (and some urban) masses. Monarchical supremacy has also depended upon the multiplicity of interest group actors, divisions among the country's elite, and the numerous institutional levers at the King's disposal. For example, ministers are appointed by the king and are directly answerable to him (although the newly adopted Moroccan constitution of September 1992 significantly enlarges the powers of the prime minister in the selection of cabinet members). Moreover, in national emergencies the king can dissolve the parliament and govern by decree. From the mid-1960s this was the rule rather than the exception; only in 1977 was an effective system of limited democracy permitted to operate.

The strength of the executive may be contrasted with the weakness of the legislative branch of government. The Chamber of Representatives (*majlis an-nuwwāb*) plays a secondary role in the machinery of government. Its lawmaking powers are narrowly defined in the 1972 Constitution, although this is to change somewhat following approval of the revised Constitution in September 1992. These powers include criminal law and civil procedure, commercial obligations, nationalization or privatization of firms, the judicial code, and the civil service code. The members of the chamber, or deputies, who are elected for a six-year term, have the right to introduce legislation; the government may oppose any legislative initiative it regards as outside the chamber's domain. However, the new prerogatives elaborated in the revised constitution do not fundamentally alter the existing balance of power. The king can and has governed for long periods by royal decree (*zahīr*) after dissolving the legislative body. For all practical purposes and despite legal

constitutional provisions to the contrary, the king effectively commands both executive and legislative authority.

Royal patronage is a crucial element in the King's successful formula of rule. Patron client relationships operate at most levels of Moroccan society and constitute a significant element of the country's political economy. As the ultimate source of power and wealth, King Hassan is the Great Patron of Morocco. Hassan has full power to appoint and dismiss the top levels of the civil service. A minister, for example, once appointed by the King, does not have the option of resigning; he must serve until he is dismissed. Hassan also has enormous personal wealth. The King's clients—the beneficiaries of his patronage among the ruling elite—owe their ruler in return both service and loyalty. The King's great personal wealth creates an additional source of patronage, one which appears to be of increasing importance as privatization and political liberalization proceed. The King uses patronage and other political levers to underline the precarious dependency of clients, to impede the institutionalization of autonomous social groups, and to constrain them to individual and private bargaining.

At the same time, the King does not hesitate to resort to force when he deems it necessary. As discussed earlier, he draws upon the army, whose size and sophistication has been growing. He also commands an extensive internal security network. The Ministry of the Interior includes three separate police and paramilitary forces: the Sûreté Nationale, the Forces Auxiliares, the Gendarmerie Royale, as well as two investigative agencies, the Direction de la Surveillance du Territoire and the secretive Direction Générale des Études et de Documentation. Each reports to the Minister of the Interior and to the King himself. The Gendarmerie Royale is charged with carrying out its duties as the military police of the FAR and also as the principal rural police force. Their role was upgraded after the coup attempts of 1971 and 1972, and they are also charged with surveillance of the SN and the FA. The organization illustrates two principals of Moroccan political life: the King's strategy of divide and rule, and his strong rural base of support.

The Ministry of Interior is also responsible for local government. Part of the "carrot" response to the difficulties of structural adjustment was to create new administrative units—the local collectivities, which were directly under the Ministry's—and the King's—control. Some recent further liberalization of these entities has occurred. Municipal councils are now elected, and since 1987, 30% of national VAT revenues are allocated to municipalities. About 60% of local resources come from transfers and loans; these transfers have been made "without specific criteria" (World Bank, 1990), a fact which makes them more easily manipulated by the Ministry of the Interior. This situation is to be changed by 1995, when objective criteria for the allocation of VAT revenues is to be instituted (World Bank, 1993a). Although municipalities are constrained by lack of local technical capacity and by the imperatives of macroeconomic discipline, these collectivities have enough resources to create patronage, under the control of local elites who are firm supporters of the monarchy (Damis, 1992). However, some municipal councils (e.g., Casablanca) are strongholds of the *kutla*. On balance, however, one may conclude that the powerful Ministry of Interior thus mixes repression and patronage, as does the King himself.

B. Other Players and Their Divisions

One key to the success of this strategy is the multiplicity of political actors. The larger the number of players, the easier it is to play the game of divide and rule. It is important to the King's strategy both that interest group associations, trade unions, and political parties exist, and also that they be fragmented and weak, a situation encouraged by his own policies of divide and rule, carrot and stick. Part of the King's survival strategy has been to permit widespread association, but to keep any potentially system-challenging associations relatively weak through fragmentation and/or isolation. Professional associations, chambers of commerce, trade unions, and political parties have relatively long histories in Morocco. However, these various groups have found it difficult to forge effective coalitions which could actually contend for political power. Encouraging associational life has been part of the King's "political carrot" to channel and contain discontent. Examples of this approach cut across the entire spectrum of political organization in Morocco: from interest groups like businessmen's associations and trade unions, to formally organized coalitions like political parties to more amorphous political groupings, such as student organizations and the Islamists.

B1. Fragmented Interest Groups

B1a. Winners: Businessmen's Associations

Numerous associations representing businessmen exist. These are carefully controlled through corporatist mechanisms, but there do exist some associations which are beginning to lobby more vigorously and independently for the interests of their members. These bodies may be influential in particular areas of activity but are thought to have little effect on overall economic policies. However, individuals connected with them have held strategic official positions and often carry weight in the king's economic council. As is typical of the region, economic winners such as business men are allowed the greatest freedom of action. After all, by and large they support the King's strategy, and the King is shrewd enough to see that permitting disputes over specific policy (e.g., the size of irrigation subsidy reduction) can contribute to economic reform by enhancing legitimacy:

The largest of these organizations are the Chambers of Commerce and Industry (CCI). There are 25 chambers in Morocco, one in each prefecture as well as a lead chamber in Casablanca. They serve mainly shopkeeper (merchants) and industrialists, not the service sector. The chambers try to shape policy by presenting the position of business to the economic commission of Parliament. There is a wide range of performance, organization and credibility among the different chambers.

Corporatism reduces the effectiveness of the chambers as representatives of business interest. The chambers are government organizations, and their employees are civil servants. As soon as a business is registered formally, it is automatically a member of the Chamber. Employees' interests lie with the state and not necessarily with the businesses they serve. The chambers are also heavily politicized, in a personalistic sense: CCI is considered to be a good stepping stone to a political career, and it is used as such. A recent count found that ten

Presidents of Chambers are also members of Parliament; many other members aspire to membership.

The chambers supposedly serve the interests of small businesses, but are controlled by big business interests. For example, the Chamber of Commerce was recently involved in resolving a problem in which small grocers are fighting the establishment of a "hypermarché" by a Dutch group. This was a very sensitive issue because the Dutch investment group has participation by Moroccans who are close to the King's family; the case illustrates the Chamber's inability to promote the interests of small businesses. The chambers are controlled by people, many of whom are close to or part of the royal family, who wish to keep small businesses weak.

In addition to the Chambers of Commerce and Industry, there are trade associations for every branch of industry in Morocco. These groups apparently function as lobbying organizations but have not developed into strong voluntary organizations. Many key functions were assumed by state organizations (such as the chambers), which had formal charge of representing professionals "across industries" (e.g., representing engineers in both agribusiness and metalworking industries). The trade associations do not seem to play a active role in promoting investment, improving standards, contacting foreign investors, or exploring new markets.

Nevertheless, there are a few activist and effective professional associations. One of those is the CGEM (Confédération Générale Économique Marocaine), a confederation of trade associations. Dating back to the days of colonial rule, CGEM is modeled on the French *patronat* or employers' association. It has been able to lobby effectively for larger business interests. The CGEM has successfully promoted administrative reforms related to business procedures, custom regulations, taxation, and administrative tribunals. With a strong track record of policy reform, effective organizational skills, it enjoys credibility in both the public and private sectors.

One of the few associations (with the exception of CGEM) with the reputation of being dynamic and involved, is the Association Marocaine des Industries Textiles (AMIT), a member of the CGEM. The AMIT organizes exhibitions for clothing manufacturers and has as its membership 550 textile knitwear and ready-made garment factories. Their programs include: training, exhibitions, information, new business, and advocacy. They have had considerable success in, for example, in reducing export taxes and liberalizing trade regulations (although this is the way the government is moving anyway). The association also helps with marketing, supplier information, product exhibitions, technical information on production techniques, etc.

B1b. Losers: Trade Unions

Urban workers, especially the relatively well-off ones, bore much of the burden of economic reform. The King was able to contain their discontent by the mixing coercion and participation. Fissures in the trade union movement contributed to the success of this strategy. Trade unions suffer from four significant weaknesses:

- The high level of unemployment and the size of the urban informal sector
- Internal divisions among the leadership and between union and opposition political party leaders
- Monarchical manipulation to accentuate divisions in the labor movement
- Concentration in the public sector, which has, and will continue, to shrink with economic reform

Although unions represent only about 5 percent of the workforce, they are highly visible in urban politics.

Although urban guilds had existed for centuries in cities such as Fez, the modern Moroccan trade union movement developed as a result of industrialization during the French Protectorate. The first Moroccan trade union was organized among port workers in Casablanca as an affiliate of the French Confédération Générale du Travail (CGT). In 1955, Tayyib Bouazza and Mahjoub Ben Seddiq, who had served jail sentences for organizing a general strike, founded the Union Marocaine du Travail (UMT). The UMT worked closely with the Istiqlal party on behalf of independence. When a political split occurred among the Istiqlal leaders, the UMT aligned itself organizationally with the National Union of Popular Forces (UNFP). The divisions in the trade union movement thus antedate independence.

There are limits to the UMT's political independence. Like other elements of the political Left, it opposes the government on policy but accepts the rules of the game. The King regularly consults UMT leaders on important policy issues; so many UMT leaders hold government positions that leading younger union militants question the validity of such "constructive opposition." However, the UMT has kept its position among the rank and file by emphasizing jobs and economic benefits rather than politics. The UMT's reluctance to engage in radical activities is reinforced by the fact that the government provides the organization with all of its offices and pays for all its utilities. Still headed by Ben Seddiq, the UMT claims a membership of over 700,000. The union has very little money, since dues paying is voluntary. In consequence, it is only able to publish its paper 6 times per year.

In 1960, the Istiqlal party set up a rival trade union, the General Union of Moroccan Workers (UGTM). However, the UGTM has never attracted membership in numbers comparable to those of the UMT. The UGTM is headed by Abderrazzaq Afilal; it reportedly has 500,000 members. A regional official, Driss Laghimi, was sentenced to 5 years in prison in May, 1992 for having made disparaging remarks about the King. The case attracted considerable foreign attention and criticism. However, the union has never been particularly effective politically.

In 1978 a new socialist-oriented union, the Democratic Workers Confederation (CDT), with links to the Socialist Union of Popular Forces (USFP), was founded in Casablanca. Its radical image has helped to expand its membership in such important fields as education, transportation, and the phosphate industry. The union was involved in the labor unrest in 1978 and 1979 in Casablanca. The labor agitation of that period signaled general discontent with the regime and also raised the possibility of increased trade union activism. In the sporadic strikes of 1978 and 1979 the CDT rapidly overtook the UMT in prominence and

militancy. In 1981 the union continued its confrontational politics when, in June of that year, it held to its general strike call to protest the government's reduction in food subsidies. The CDT's attempt to organize public demonstrations degenerated in Casablanca into riots in which roaming mobs attacked symbols of public authority and numerous businesses. The violence caused many deaths; estimates range from the government's figure of 66 to the USFP's figure of 635. In consequence, one-third of the executive committee of the CDT, the 9 members of the union's National Bureau, and nearly 100 local leaders of the USFP were arrested, although they were later released. Animosity between the leadership of the CDT and the government has continued. The CDT head, Noubir Amaoui, was arrested in Casablanca in 1992 and charged with defaming the government in an interview which he granted to the Madrid daily, *El Pais*:

Most strikes in Morocco are short, lasting a few days or even a few hours. They are "warning strikes", used to signal discontent. High unemployment, meager union coffers, and the repressive power of the state ensure that longer strikes do not occur. Workers understand their economically precarious situation, and seek mainly to defend their existing position, or, in some cases, to achieve modest gains in wages and working conditions. Such strikes also have political purposes; in early 1993, various short "sector strikes" were part of the opposition parties' electoral publicity campaign (USDL, 1993).

There have been subsequent examples of militant, violent labor activism. At the end of October, 1990 clashes between left-wing and Islamist students on the campus of the university in Fez led to police intervention, arrests, and imprisonment all of which further radicalized the country's political environment. Although labor leaders had called upon supporters to stay home during the one-day strike, street violence quickly flared up in a number of cities, including Fez, Tangier, Kenitra, Rabat, Sale, and Agadir. In Fez, scene of most of the violence, students and youths from the slum areas around the city armed themselves with iron bars and stones, and rampaged through the city assailing police, looting shops, attacking banks, burning cars, and burning down setting fire to and destroying the Hôtel Marinades, one of the country's finest luxury hotels situated at the foot of a large Fez *bi.Jonville*. Property damage was estimated over \$20 million with scores killed and hundreds arrested, tried, and severely punished. The riots of December, 1990 in Fez and other northern cities followed calls by the country's largest opposition labor unions (CDT and UGTM) for a one-day strike to protest allegedly steadily declining standards of living, and the inadequacy of labor union rights.

The King responded in his usual manner: first the stick, then the carrot. The King certainly does not, and will not, permit violent street demonstrations, and uses whatever force he deems necessary to repress them. But he also offers incentives for cooperation. As noted above, he created new civil service jobs for university graduates and embarked on a labor-management-government dialogue in early 1991. The King permits carefully controlled public demonstrations; despite the King's commitment of troops to the U.S.-led Gulf War coalition, he allowed a union-organized march "in solidarity with the Iraqi people" on February 3, 1991 in Rabat. Splits within the trade union movement contributed to the success of the King's mixed strategy of repression and partial participation.

The future of Moroccan unions presents the King with something of a dilemma. The trade unions constitute the main (some would say, the only) grass-roots organization of the opposition political parties. The King's optimal strategy is to have these organizations be weak, but not so feeble that they lose all legitimacy and disappear. However, economic conditions, and in particular, future privatizations, are likely to undermine the unions still further. There is little question that the King has, and will continue, successfully to contain any challenge from the unions. The real question may be whether he has been *too* successful in doing so.

B2. Splintered Coalitions: Political Parties

The Moroccan political game is not confined to organizations of interest groups. Political parties have long been part of the country's political scene. They, like interest groups, contribute to the stability of the game by their existence--and their weaknesses. King Hassan skillfully plays off the ten major political parties against one another, as they compete for patronage or power, and manipulates rivalries between them and the armed forces. For example, in 1986 he announced that they would receive state funding, and by subtly combining carrot and stick the king has been able to force the main political parties to compromise, as the price for their participation in parliament or government. Most observers believe that the King will continue to play this game successfully in the future.

Moroccan political parties are both numerous and weak. Political party activities in Morocco are confined to a minority of the population. Parties are also weakened by tendencies toward proliferation (there are some 10 official parties), internal disunity, personal rivalries, and poorly articulated programs. Party differences often reflect conflicting regional interests, rather than profound quarrels over policy. These weaknesses have prevented parties from effectively challenging the King's initiative in governance. At the same time, however, the King does not want the parties to be so weak that they disappear. His strategy calls for the existence of weak parties.

Though none of Morocco's political parties are autonomous, there are important differences among them with respect to both structure and influence. The Rassemblement National des Indépendants (RNI), which held an absolute majority in the assembly elected in 1977, is more of an informal electoral front than an institutionalized political party. It is dominated by rural notables and men from leading urban families who are longtime associates of the king, and its platform is based principally on "unconditional loyalty" to Hassan. The RNI Split in 1981, with rural elements breaking away to form a separate faction, the Parti National Démocratique (PAD). More recently, the RNI has moved to the center and put out feelers to the opposition group for an alliance. The opposition parties are, however, suspicious of this move and fear an attempt by this conservative party to hijack their policies.

The Union Constitutionale (UC), formed in 1983, is more of a centrist party than either the RNI or the PAD, and its cadres, for the most part, are younger than those of the other two. In the 1984 elections it made a special attempt to appeal to youth and presented itself as a movement committed to addressing social and economic problems. Nevertheless, although its leader had been a trade unionist early in his political career, the party was created

with strong backing from the king, and, like the RNI and PAD, it lacks a grass-roots base and is highly dependent on the palace for legitimacy and support.

The Mouvement Populaire (MP) resembles other monarchical parties. It is dominated by conservative rural notables tied to the palace and does not have an independent platform or ideology. At the same time, as the party of leading Berber families in the north and central mountain regions, it is much older and has a secure electoral base. MP was established in 1957 by men who had led the resistance to French colonialism in the rural areas. In 1991, the Mouvement National Populaire (MNP) was formed as an offshoot of the MP party, and led by Mohamed Ahmed Fadil and Mahjoubi Aherdane¹⁴. Most recently, after the September 1993 indirect elections, the MNP indicated that it will remain in the loyalist grouping, while the MP, refusing to work with its rival, is likely to join the opposition.

Only two institutionalized parties have both popular appeal and independence from the King: the Parti Istiqlal (PI) and the Union Socialiste des Forces Populaires (USFP). Formed during the anti-colonial struggle against France, the PI is the party of Moroccan nationalism, and under the direction of its founding father and venerable leader, Allal al-Fassi, it was a major force in the years after independence. Al-Fassi died in 1973. The PI did reasonably well in the 1977 balloting, largely because of its historic role, its longtime advocacy of Morocco's claim to the Sahara, and its organizational strength in urban areas. However, the PI has limited appeal in the countryside.

The USFP traces its origins to a faction (the UNFP) that broke with the Istiqlal in 1959, after charging the latter's leadership with being too conservative. As its name suggests, the USFP is a socialist-oriented party of the Left. Its support comes principally from the trade union movement, from other working-class elements and the urban poor, as well as Morocco's small community of intellectuals. The USFP is the principal and most long-standing opponent of the governments formed by the king, although it has occasionally joined the ruling coalition temporarily for tactical reasons. The USFP did poorly in the 1977 elections and was the victim of electoral interference in the local elections of 1983. It did better in the balloting of 1984, however, with its appeal apparently increased by growing social and economic problems. Abderrahman Youssoufi succeeded Abderrahim Bouabid after the latter leader's disappearance in January 1992.

A number of minor, weakly organized, independent and pro-monarchy parties round out the political party system. Outside these groupings are several clandestine radical political fringe organizations, including reactionary, religiously oriented groups on the right, and revolutionary Marxist-Leninist oriented parties on the left, known collectively as Frontistes. In 1991, one new political party, besides the MNP, has been formed: the Parti de l'Avant-garde Democratique Socialiste (PADS), a splinter group from the USFP led by two well-known Rabat lawyers, Abderrahim Ben Amor and Ahmed Ben Jelloun.

¹⁴ Mahjoubi Aherdane was the founder (in 1958) and former leader of the Mouvement Populaire, which expelled him in 1986 for authoritarian practices.

In preparation for the legislative elections of 1993, party groupings began to agitate for greater democracy and government accountability. An important development in this regard took place in mid-November 1991 when the country's two largest opposition political parties—the USFP and PI—announced that they were forming a “Democratic Front” aimed at achieving “authentic democracy.” Six months later, on 17 May 1992, they were joined by Ali Yata's PPS (Communist), and Mohamed Bensaid's OADP (leftist). The *kutla* or alliance, advocates the following: strengthening the rule of law, greater separation of powers, an independent judiciary, a stronger parliament, fair election guarantees, a reduction in the voting age from 21 to 18, and more guarantees for human rights and civil liberties. In addition, the alliance called for a national “project” for social and economic development. These developments suggest an increasing sophistication on the part of the opposition in forming coalitions.

All of these parties put forward candidates to stand for election to Parliament which has limited, but growing, powers. The national electoral process is a complex matter involving several stages and resulting in a legislative body that, in addition to 222 members directly elected by universal suffrage, includes 111 representatives elected by an electoral college consisting of representatives from local councils, professional groups and trade unions. A plurality of votes in each constituency is sufficient for election.

On June 25, 1993 Morocco held its first parliamentary elections since 1984. This constituted the first phase of the elections to the Chamber of Representatives. Of the 333 seats, two-thirds were directly elected by universal suffrage in June and the remaining one-third was indirectly elected in September.

The final results of the June poll showed that the five centrist parties of the outgoing majority won 116 seats and the main opposition parties won 99, almost 45% of the total 222 contested seats. The UC, formerly the biggest party with 55 seats had its share of seats reduced to only 27. The largest single party in the new Chamber of Representatives was the opposition USFP with 48 seats, followed by the nationalist Istiqlal with 43 seats. These two main opposition parties increased their chances by joining forces and agreeing not to oppose each other's candidates. Although the loyalist parties won the most number of seats, they were evenly scattered among rival parties, leaving none in a strong position.

Of the 11.45 million electorate, only 62.75% turned out to vote in the June elections. Although corruption was less evident than in the previous elections, there were claims by the USFP that bribery and vote-buying were taking place. Also, local administration officials were accused of manipulating results. However, the elections were generally peaceful and efficiently administered and seemed to constitute a forward step in the country's gradual democratization process.

King Hassan used the election results as evidence of democratic consultation and a pluralistic political system to his Western allies who have been exerting pressure on Morocco to move towards more democratic governance in exchange for preferential trade and financial agreements. However, the role of the parliament in Morocco remains purely advisory. Also,

while two-thirds were directly elected in June, the remaining one-third was drawn from traditionalist and conservative forces, ensuring an built-in bias to the government loyalists.

The question of whether or not the King would include opposition parties into the new cabinet to provide balanced representation was clarified by the September 17 indirect elections. The results showed that the center-right parties had reasserted themselves. The opposition parties won only 15% of the vote, while loyalists garnered 71%. The centrist UC re-emerged as the biggest party in parliament, with 54 seats in all.

Although the *Kutla's* position in the new legislative assembly was stronger than it was in the parliament of 1984, the results of the indirect poll disappointed opposition supporters, and the alleged rigging of this poll aroused anger. The USFP leader, Abderrahman Youssofi, resigned due to disillusionment, after only eighteen months at his post. In addition, the opposition asked for an annulment of the election results and threatened not to participate in the new parliament. The King, in turn, held several rounds of talks trying to persuade the opposition to join the administration in order to provide "change and renewal" after over thirty years of right-wing rule. He offered them 19 minor portfolios but made it clear that he would appoint the key ministers of finance, foreign affairs, the interior and justice. The majority of the opposition parties (the USFP, Istiqlal, and OADP) rejected the proposal, refusing to join a government whose policies, they argued, would be laid down by the establishment. A former member of the *Kutla*, the PPS party broke rank and announced that it would participate in the government.

The King revealed his disappointment with the opposition's refusal to join the new government in his public address commemorating the Green March on November 6, 1993. Contrary to what was expected, instead of denouncing the opposition, he presented them with a final plea to rethink their rejection and join him in directing Morocco on the path toward more democratic governance. However many observers characterized these further offers to the opposition parties as a political ploy to create the illusion of wider and more effective political participation in order to appease foreign and domestic critics.

Following the opposition's refusal to participate in the new government, King Hassan appointed a non-party cabinet of technocrats on November 13 and retained the previous prime minister, Karim Lamrani, as well as the ministers of foreign affairs, justice, and the interior. As always, the King will remain at the helm of the government. The new administration's room for manoeuvre has already been clearly defined, and the large number of political parties on both sides of the camp will continue to afford him every opportunity to divide and rule.

B3. Other Oppositional Groups

B3a. Student Organizations

The National Union of Moroccan Students (UNEM) is the major student organization. Since the 1960s the UNEM has been extensively involved in extralegal and radical activities directed against the regime and its incumbents. Through this and other organizations or as

individual-issue interest groups, students have demonstrated over a wide range of educational, political, social, and economic causes. The students suffer from serious factional and parochial weakness. Consequently, UNEM has little ability to influence government policy. Its strikes and demonstrations in the early and middle 1970s failed to intimidate the regime or elicit major gains. Instead, their organization was banned. The UNEM was legalized again in 1978, and it is resuming its activism. For example, it supported the demonstrators in the 1981, 1984, and 1990 riots. Its organizational capacity is more limited, however, and most of its leaders do not hold political positions. However, the UNEM's importance may increase in the future. The high birthrate, the weight of youth in the total population, and the backlog of unemployment may increase the difficulties of neutralizing students as a political force.

B3b. Islamists

Partly because of the weakness of traditional political parties, political Islamists in Algeria, Egypt, Jordan, and Tunisia have become increasingly powerful. Moroccan political Islamists have been far weaker than in these other Arab countries. Nevertheless, political Islam has the potential of mobilizing many of those disaffected Moroccans who have paid a large share of the costs of economic reform. Several surveys of Muslim militants has found a broad spectrum of social types involved in Islamic radical activities, including students, school teachers, craftsmen, shopkeepers, and other elements of the middle class. But the bulk of mass support and sympathy comes from rootless and alienated recent rural emigrants to the slums and *bidonvilles* of large cities. Both the petite-bourgeoisie and the marginalized urban dweller share a common feeling of despair, which has been exacerbated by socioeconomic hardships. Political Islam is uniquely compelling for such people.

However, the Islamic opposition in Morocco is too weak to challenge the King effectively. Moroccan political Islamists are split into three general groupings: "mainstream," "traditionalist," and "radical." The active members of the various groups number only in the tens of thousands in a population of 26 million, though there is no doubt a larger number of sympathizers. Popular belief in the King's religious sanctity, which is widespread in Morocco, undermines all attempts to legitimate revolt against him on Islamic grounds. Nevertheless, political Islamists, and especially members of the radical groups, do participate in anti-regime demonstrations; when such demonstrators are also members of the urban poor class, their protests can easily degenerate into violence.

The moderate mainstream Islamic movement in Morocco is represented by Abdessalam Yassine, who has lived under house arrest in Sald since 1989. Yassine campaigned for a strictly Islamic polity in Morocco. The specific details of how such a polity would emerge are spelled out in a provocative study that Yassine published in Paris in 1981 entitled *La Révolution et l'Heure de l'Islam*. Yassine's base of support consists primarily of students and the educated young, who respond to his call for a fundamental restructuring of the Moroccan state. Yassine has no public support among 'ulamā, nor is there evidence that his movement (Society for Justice and Welfare) has support among the working class and urban poor.

A more traditional and less overtly political wing of the Islamic movement in Morocco is represented by the late Sheikh Zamzami of Tangier. Sheikh Zamzami died in 1989, but his views continue to be propagated by his three sons. Zamzami focused attention on matters of ritual, manners, and dress. One of his favorite themes was corruption, and he often condemned the exploitation of the poor by the rulers and the wealthy. Zamzami is venerated by peddlers, laborers, shopkeepers, and many blue-collar Moroccan workers employed in Europe who—until they retire—only return to Tangier for their summer vacations. This audience responds to the basic message of Zamzami and his sons: pious traditional Muslims are simply trying to purify Moroccan society rather than overthrow the government.

A more radical wing of Morocco's Islamic opposition is represented by Abdelkarim Mottai, who has lived in exile in Europe since 1975. In the early 1970s, Mottai founded "The Islamic Youth" and quickly called for an authentic Islamic revolution in Morocco. Since 1979, The Islamic Youth has favored an Iranian-style revolution. In the late 1970s and early 1980s, resentment of the authoritarian leadership of Mottai and government repression and cooptation both contributed to the fragmentation of The Islamic Youth into a number of mutually antagonistic groups. A number of the Islamic Youth activists left the organization and established groups and publications that called for a strictly Islamic state while refraining from any direct criticism of the government. The Islamic Youth, with several thousand followers, and its illegal militant offshoots remain significant in Moroccan high schools and universities, though even here these groups lack mass support.

The current divisions within Morocco's Islamic opposition will persist for many years to come, thus weakening the ability of any single Islamic group to challenge the regime. Of the three groups, the traditionalists are closest to popular beliefs shared by large numbers of Moroccan Muslims. This group, however, has never tried to mount a revolution. If this movement were to join forces with the mainstream and radical movements with their more educated supporters in a serious attempt to overthrow the Moroccan government, they might well pose a serious threat to the regime. But it is hard to imagine such a coalition forming. For the foreseeable future, King Hassan has effectively divided and undermined those who seek to remove him in the name of Islam through a combination of police repression, religious charisma, and skillful division of the movement.

SECTION V POLITICAL CONSTRAINTS TO DEVELOPMENT

A number of factors contributed to the success of Moroccan economic reform:

- Those who benefitted already supported the King.
- The reforms do not weaken the King's patronage.
- Economic growth partially mitigated the social costs of reform.
- The King skillfully used a divide-and-rule strategy with the opposition, a strategy made easier by the existence of many, diverse interest group associations and numerous political parties.
- The King offered "carrots," in the form of limited political liberalization and carefully measured widening of political participation, to both winners and losers from reform.

We must now ask whether this strategy is likely to require further adjustments to meet the development challenges of the 1990s.

A. Tensions Within the Coalition of Winners

In many developing countries, the state enjoys considerable autonomy from social actors. This "relative autonomy of the state," however, declines once development has been sufficiently successful. The reason is simple: the growing middle class, with its increasing incomes, education, and political sophistication, demands more accountable governance. These demands are often tacitly supported by prominent business interests, which seek a predictable, transparent market environment. Recent developments in Korea, Taiwan, and Thailand, to name only Asian cases, illustrate the point. The demand for political participation has a high income-elasticity. At the same time, increasingly educated military officers may, as in Spain, come to desire more modern forms of government as part of their increasing professional sophistication.

A1. The Business Elite

There are some signs that the King may have to face increasingly insistent demands for some widening of political participation and for more accountable governance in the years ahead. Despite the very close connections between the King and the business elite, there are tensions. After all, it is difficult to imagine successfully competing in the market-place against a sovereign who enjoys such wide political power. Private monopoly can stifle development as readily as public monopoly; competition has been an integral component of

the performance of the Baby Tigers.¹⁵ It is important to ask what the long-term implications of privatization will be if ownership is largely transferred to ONA.

Problems may become especially acute with the “new men”, the entrepreneurs from relatively less privileged backgrounds who seem to have emerged during the recent export-boom in competitive industries. Such people typically lack the kind of easy, direct relations with critical players in the bureaucracy which more established capitalists enjoy. Accordingly, it is often more difficult for them to obtain the necessary approvals, forms, permits, etc. On the one hand, they need accountable governance more than their upper-crust counter-parts. On the other hand, their main strategy reportedly is to avoid politics as much as possible, or to mimic the old business elite and try to cultivate politically powerful patrons.

Arguably, more transparent and accountable governance will be necessary to convince actual and potential competitors of ONA and the King that they face a level playing field, and may, therefore, reasonably risk entry. Such changes may also be necessary, over the long term, to keep the support of new entrants into the business elite. An example of such a change would be for the government to relax its control of the business Chambers. A prominent businessman stated that the image of Chambers is so bad that top business people are not willing to participate. Many businessmen believe that the Chambers should control their own budgets and freely elect representatives. Although more evidence is needed, there are indications that the demand for more accountable governance is increasing among Morocco’s business elite.

A2. The Moroccan Officer Corps

The social composition of the Moroccan armed forces is changing. The younger officers are more likely to be of urban and Arab origin than the generation that preceded them. Their families have worked hard to launch them into military careers. The more stringent educational for admission to the military academy have also tended to favor middle-class men from the Arab coastal cities. The younger military officers seem more inclined to question the existing political order than do older officers. Thus, there are beginning to appear newly politicized army officers who may become restless should they conclude that their personal advancement is being retarded by conservative older officers. There may also be difficulties if the army is downsized in the aftermath of an end to the Saharan conflict.

Under one scenario, the increasingly professional, educated, urban officer corps might support wider political participation. In this “Spanish scenario,” if business groups increasingly demand more modern modes of governance, the army might support this trend, simply by refusing to oppose it. A less rosy scenario would be political intervention by young, discontented officers, perhaps allied with political Islamists, thereby inaugurating a military dictatorship. Such an outcome would, of course, completely derail Morocco’s

¹⁵ Taiwanese industrial structure is highly competitive, with a large number of relatively small firms. Korean industrial structure is far more concentrated, but “its leading firms appear to engage in intense competition with one another in overseas as well in domestic markets.” (Amsden, 1989, p. 129).

economic development: the "European connection" would be forfeited, and in any case, there is not a single instance of a truly successful Arab "developmental dictatorship."

B. The Shifting Balance Among the Winners and Losers of the 1980s

Morocco is steadily urbanizing, for two reasons. First, the more successfully Morocco industrializes, the more urban the society will become. Second, droughts accelerate urbanization. Droughts are inevitable in North Africa; the past two winters (1991/92 and 1992/93) had rainfall far below average. Agricultural output fell by 29% in 1992, and the figures for 1993 are also likely to be mediocre. Although the drought seems to have broken in November, 1993, drought quickened the pace of urbanization during the past two years just as it did during the droughts of the early 1980s. One should expect periodic episodes of drought's accelerating rural-urban migration in Morocco.

Urbanization has both stabilizing and destabilizing consequences for the Moroccan political economy. On the one hand, a decreasing weight of agriculture in the economy lowers the economies vulnerability to the inevitable vagaries of the North African weather. On the other hand, urbanization will steadily reduce the importance of rural notables in the Moroccan polity. The control mechanisms so carefully constructed over the past decades will become increasingly irrelevant; it is already evident that these mechanisms do not follow rural dwellers when they move to the cities. Therefore, the political weight of students, of urban workers, of the urban middle classes, and of "new capitalists" will inevitably increase in the years ahead. Continued economic growth can ensure that these people's standards of living continue to improve. But if this happens, then we would expect these groups to demand greater political participation.

The King thus faces a dilemma: if growth falters, there will be unrest as political Islamists capitalize on stagnant incomes and rising unemployment; if growth succeeds, increasingly well-off urbanites will want more participation. It is characteristic of King Hassan's skill that he appears to recognize this dilemma, has firmly opted for growth, and is slowly and carefully conceding a wider political space in order to maintain his ultimate control. But the demands for political participation will become more insistent as urbanization increases.

In this regard it must be remembered that the King is, after all, mortal. If the political skill of one man is critical to political stability, the fragility of the political order rises over time. The Heir to the throne may be as skilled as his father—or he may not. The more thoroughly critical interest groups feel that they are part of the system, the greater the probability of a smooth transition. Arguably, institutionalizing mechanisms of political participation *now*, while Hassan II is alive and well, is the optimal strategy for long-term stability. The King *seems* to recognize this, but old habits also die hard.

C. The Human Factor: Does the Baby Tiger Have Feet of Clay?

The "growth-and-participation" option faces a further problem. Sustained economic development is a process of progressively shifting a country's comparative advantage toward

products with an ever-higher share of human skills in value-added. As a country gets richer, it can no longer compete on the basis of cheap labor alone, but must offer increasingly skilled labor to domestic and foreign investors. It is widely recognized that Morocco has both come a long way in human development since independence, and that it has a long way yet to go. Accordingly, the World Bank and private sector observers (e.g., Leymarie and Tripier, 1992) advocate shifting government spending towards social sectors.

Morocco is currently competing in international markets almost exclusively on the basis of low labor costs: labor productivity in the export sector fell during the late 1980s, as the skill-mix of the labor force shifted toward unskilled labor and as numerous small-scale enterprises entered export markets. Falling wages and exchange rate devaluation more than compensated for falling productivity (World Bank, 1993). However, such a strategy is not sustainable over the long run. But the country faces formidable obstacles to shifting its comparative advantage toward more skill-intensive goods and services. Despite the efforts of past decades, Moroccan educational achievements lag behind other developing countries of comparable per capita incomes.¹⁶ The educational situation is especially shocking for women; most women are illiterate, rural women's literacy levels are at Fourth World levels; one-third of rural girls and one-tenth of urban girls are not in school; even in the top quintile of the income distribution, only a bare majority (52.4%) of women can read and write (Ministry of Social and Economic Affairs, 1992). Moroccan economic growth will not be sustainable so long as the talents of half of the population are so grossly underutilized.

Enhanced human capital formation is necessary not only because of the need for better skills. It is also necessary for the success of a critical component of Morocco's development strategy: increasingly close integration with Europe. This process cannot proceed far without raising the level of Moroccan education closer to those of the hoped-for partners on the northern shores of the Mediterranean. Finally, such spending would also contribute to the legitimacy of the government, since the poor benefit relatively more from public health and education spending than do the rich (who always make their own arrangements on education, and can purchase adequate medical care).¹⁷ But an increasingly educated population is a more politically demanding one. As in any market, it is wise to anticipate developments in the "market" for political participation.

Despite the government's relative success in reforming the economy, it must carefully target spending for human development. It cannot afford the old "bread and circuses" approach of the past; it cannot sustain the old "social contract" common to the region—the exchange of political quiescence for basic needs subsidies. The need for more carefully

¹⁶ Moroccan primary enrollment rates were 38% below the average for Lower Middle Income Countries in 1990 (44% below for girls); secondary enrollment rates were 38% below (47% for girls); adult literacy rates were 40% below (53% for women). (World Bank, 1993).

¹⁷ Of course, the rich will also benefit from the significant positive externalities from better health and education among the poor.

targeted human capital investment suggests that expanded political participation will be needed.

D. The European Connection

The King has committed Morocco to close integration with the EC. Morocco has proposed a free trade treaty with the EC. The Strasbourg Parliament refused a financial aid package to the Kingdom in January, 1992, on the grounds that Moroccan products already benefitted from preferential treatment, and significantly, because of the lack of democracy and abuses of human rights in the Kingdom. The King was, of course, indignant, and Brussels was embarrassed. In December, 1992, the EC Council of Ministers declared itself ready to negotiate a NAFTA-style free trade agreement. Negotiations continued throughout 1993, and although they were delayed in favor of GATT, some form of agreement appears very likely.

The economic strategy is sound, but it carries obvious political implications. Brussels may have won round one, but Strasbourg will not go away. Closer integration with the EC will require an improved human rights climate and more accountable governance. The numerous European joint-venture partners in direct investment are unlikely to tolerate being required to bear the costs of kick-backs, *baksheesh*, and other payments to government functionaries which are now too often necessary to successful business practice in Morocco. European business interests are likely to add their quiet voices to those of their Moroccan partners for more transparent, accountable governance. Increasing integration with Europe means increasing European pressure on Morocco to conform to European standards of governance.

E. Conclusion: Political Implications

Continued economic growth and political liberalization are interrelated. Each is likely to reinforce and contribute to the other.

Political liberalization is likely to be necessary for continued economic growth for the following reasons:

- More accountable governance will be required to create a more level playing field as privatization proceeds and more firms seek to enter markets where the King has private interests.
- European investors will add their quiet voices to these demands.
- Closer integration into the EC will require Moroccan governmental practices to conform more closely to European standards.
- Maintaining a favorable investment climate requires political stability, which in turn necessitates some opening of political space to (increasingly numerous) urban workers and middle-class people.

- The need to target social spending more carefully implies that the government can no longer maintain the old “social contract” of subsidies for apathy.

In turn, continued economic growth will foster political liberalization because:

- Economic growth improves the living standards of the urban population.
- Economic growth will further reduce the weight of rural notables in the polity.
- International evidence demonstrates that the demand for political participation is income-elastic.
- Continued economic growth implies rising levels of education, which in turn will foster ever more insistent demands for expanded popular participation.

The King clearly recognizes that some expansion of the political space is necessary tactically. It remains to be seen whether he grasps the longer-run political implications of his dramatic success in carrying out economic policy reform.

ANNEX A
MOROCCAN OLIGOPOLIES

A. Omnium Nord Africain (ONA)

Omnium Nord Africain is the largest company in Morocco, employing over 18,000 workers and controlling 43 enterprises directly and another 86 indirectly. Its range is vast, with holdings in agribusiness, banking, tourism, mining, fishing, telecommunications and textiles (see organigram on page A-3). Fouad Filali, the son-in-law of King Hassan, took over ONA in the mid-1980s and managed to triple sales in the first three years. The organization continues to grow exponentially. ONA is a publicly traded company on the Moroccan stock exchange. The king is the largest single owner of ONA, controlling 15 percent of the stock; Filali owns 3 percent. Other owners are "prominent" or "wealthy" Moroccans. In 1990 its revenues were almost \$1.6 billion, about 5 percent of Moroccan GNP. The company's objectives for 1992-1994 include increasing turnover by 75 percent to \$2.8 billion by which time it expects to employ 21,700 workers.

As the government begins to privatize, people are watching to see if ONA is favored in these sales. Historically in Morocco, public and private firms have enjoyed a symbiotic relationship within the same industry: private firms offer services to public firms in return for government subsidized inputs. Observers point out that these deals are often conducted under the table and allow managers of SOEs to subsidize their salaries while increasing demand and lowering costs for private firms. It is believed that ONA operates along such principles.

With 67 percent of their portfolio in agribusiness (the largest business in Morocco), it is to be expected that ONA dominates the sector. Two examples illustrate the point:

1. The production of oil seeds (mostly sunflower and cotton) has been growing rapidly in since the mid-1980s, in large part due to government subsidized inputs to producers. COMPARA, a quasi-governmental agency, has a monopoly on buying seed-cotton and sunflower seeds and buys at official fixed prices. Oil seed processing (crushing and extraction) is performed by only one firm in Morocco, SEPO, a subsidiary of ONA. Oil refining is performed by 14 plants in Morocco but ONA subsidiaries control over 55 percent of the refining capacity.

2. ONA's Centrale Laitière dominates the dairy processing sector processing 50 percent of Morocco's milk. Its competitors consist of small cooperatives that, unlike ONA, are unable to influence GOM dairy policy. ONA has also benefitted from government privatization of the dairy industry, purchasing Laitière de Doukhala, formerly a SOE. A greater level of competition could contribute to the improvement of industry efficiency (USAID, 1990).

ONA has strong ties to government in other sectors as well. The recently opened Guemassa Mine is a joint venture between ONA and the state-controlled Bureau de Recherches et de Participation Minière. The mine, the largest in the kingdom, will produce lead, copper, and zinc, mostly for export to Europe. To give an idea of the mine's relative size, in 1991 Morocco's total output of zinc ore concentrate was 47,709 tons, the Guemassa mine is expected to have an annual output of 130,000 tons. It should be noted, however, that ONA also has holdings in sectors which are relatively competitive, such as fishing and livestock feed.

ONA has also been involved in a number of joint ventures with state agencies in the tourism sector including the building and management of Royal Golf de Fès. In 1990, ONA unveiled a \$500 million investment program in the tourism sector. ONA will work with several local investors, including the national carrier Royal Air Maroc, and the Office National des Chemins de Fer (both SOEs), and foreign partners. Six large projects have been planned for the early 1990s, including the construction of several hotels, golf courses, office space and conferences centers, and an arts complex.

Among many Moroccans there is a feeling that ONA is gobbling up little companies and "becoming a fiefdom within the kingdom." There are many critics of the company and its relationship to the state. According to Damis and Entelis, both public and private economic sectors have been exploited to the benefit of a relatively few wealthy families working within ONA.

B. Other Conglomerates

There is no company in Morocco that comes close to the size of ONA. However, there are several holding companies that while unable to match ONA's reach, are significant in size and influence. The largest among these is Group Holmarcom.

Run by Abdelkader Ben Salah, Holmarcom owns 40 companies in 15 sectors, including agriculture, textiles, paper products, and banking. In 1991, the company employed over 5000 and had a turnover of more than \$823 million. It has significant influence in three sectors. Holmarcom controls 59 percent of the bottled water market in Morocco and achieved \$12 million in turnover. It is also the market leader in the production of paper and cardboard products. In addition, Orbonot-Cereals, a Holmarcom subsidiary, is Morocco's largest importer and exporter of cereal, grains and leguminous vegetables. It has trading relations with ten countries and annual sales of \$70.5 million.

Other significant businesses in Morocco include the Zellidja Group which was originally a public holding company, and currently has approximately \$122 million in annual sales. Zellidja is involved in the petrochemical industry and along with ONA, it is a major shareholder in the Société de Banque & de Crédit (SBC). There are several other large holding companies operating in Morocco, but there is little information available on these conglomerates but it seems that many of these businesses are run by prominent Moroccan families.

ORGANIGRAM

Group

ONA

MINES

SOMIFER COPPER BLEIDA	C.T.T. COBALT BOU-AZZER
SAMINE FLUORITE EL-HAMMAM	SMI SILVER IMITER
REMINEX MINING RESEARCH	GUEMASSA ZINC

REAL ESTATE

EL MANSOUR REAL ESTATE PROMOTION	H.S.M.
VILLE-NEUVE	AL IMTIAZ

HOLDING

C.M.M. PORTFOLIO	ONA INT'L. OTORG COMMODITY TRADING
DAN MAROC FINANCE & HOLDING	FINANCIERE DIWAN

FOOD PRODUCTS

MAROC-LAIT RAIBI-GERVAIS DANONE MILK-YOGHURT	CICALIM LIVESTOCK FEED
PINGOUIN GERVAIS ICE CREAM	LESIEUR AFRIQUE UNIGRAL CRISTAL FOOD OILS & SOAPS
SEPO OILS-SOAPS MILLING-MILK PRODUCTS	C.M.H. OILS & FATS
ONAGRI AGRICULTURE	CONSUMAR SUGAR REFINERY
SUCRERIE DES DOUKKALA BROWN SUGAR	SUCRERIE DES ZEMAMRA WHITE SUGAR
SOMADIM INDUSTRIAL BYPRODUCTS OF CORN	SOMALUS SWEETS

BANKS

B.C.M. BANQUE COMMERCIALE DU MAROC	S.B.C. SOCIETE DE BANQUE ET DE CREDIT	S.M.D.C. S. MOROCCAIN DE DÉPÔT ET CRÉDIT	ONAPAR
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VARIOUS

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CHIMIPRODUIT SALE OF CHEMICAL PRODUCTS

FISHING INDUSTRY

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SCIM TEXTILES CLOTHING
MASUREL AFRIQUE CLOTHING

TOURISM

S.A.T. CABO NEGRO
H.CO
MOUSSAFIR HOTELS

AUTOS

SOPRIAM ASSEMBLY AND DISTRIBUTION PEUGEOT/CITROEN
ELIMA SPARE PARTS SIGMA AND PARIS-RHONE
SIAB SPARE PARTS SIGMA AND PARIS-RHONE

INSURANCE

C.A.A. COMPAGNIE AFRICAINNE D'ASSURANCE
AGMA BROKERAGE MANAGEMENT
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ANNEX B
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