

**DOCUMENTI
IAI**

MOROCCO / ECONOMY

by Myriam Catusse

Paper presented at the workshop on “The dynamics of change in the Arab world: Globalisation
and the re-structuring of state power”
Rome, 23-24 February 2007

MOROCCO / ECONOMY

by Myriam Catusse

Introduction

This paper will investigate the ongoing change in the Moroccan regime, focusing on the restructuring of its economic policies. Morocco presents indeed an interesting case for observation of the reshaping of State power on economic regulations, in the context of globalization. In terms of political economy, parallel to its historical and institutional peculiarity, it can be considered as a “paradigmatic” case, in the MENA: exemplary for the manner, pace and effects of privatization and liberalization of economic policies, and sometimes observed as a laboratory for the implementation of new tools of political economy.

My point of departure is the political quest for new kinds of socioeconomic regulation: the Developmentalist and Fordist (and Post-Fordist) compromise failed and was abandoned and the shortcomings of neo-liberal regulation are becoming more and more obvious, in economic but also social and political arena. After the debt crisis, a structural adjustment programme was implemented 20 years ago (1983). But neither the “Developmentalist State”, nor the “Market corrector State” or “incentive State” seems today to be relevant paradigms to help in understanding the concrete dominant mode of regulations: change of economic institutions, rules and norm, spatial dynamics, political dimensions of economic policy. On the contrary, as a political economy issue, the “stability” of the Moroccan regime can be analysed as an instable balance between several kinds of economic regulation.

I will not propose a normative analysis of the expected or perverse outcomes of the reform; nor an analysis of who won and who lost. There is a larger literature on political economy which provided models to explain how the politics could (or would according to some authors) shape economic liberalization programs. There is also a criticism of this first generation literature that put emphasis on why liberalization caused or reinforced cronyism, rent seeking and patronage instead of engendering transparency, accountability and democratization. More recently, some scholars have paid attention to the pre-reform coalitions and path dependence to explain the various outcomes of neo-liberal reforms, for instance in terms of banking institutions, structure of elites, etc. Others have focused on “networks of privileges” to analyse the economic reforms as historical and social process.

In the framework of this program on “The dynamics of Change in the Arab World : Globalisation and the restructuring of State power”, I suggest to investigate more deeply not only the arena of politics and elite coalitions or dissension, but also the arena of policies. The study of recent economic policy reforms in Morocco (including social policy) lets us presume some key elements of public action conversion.

- First, the rentier (or post-rentier) paradigm (cf. “Concept paper for the economic sector of the research”) is not very relevant here: the Moroccan State is a productive State, based on a fiscal system and it did not redistribute very much: neither through high wages nor generous welfare policies.

- Second, one could examine the reshaping of public economic institutions to explain the change – and the stability – of the State power without questioning a priori the “democratic” outcomes of the economic liberalization, or of the “authoritarian” dimension of the reform.

- This leads us to try first of all to open the “black box” of the State (Signoles, 2006) and to observe the complexity of economic “public action”: the various actors and interests at stake, not always teleological or coherent strategies inside the administration, interaction with domestic lobbying and advocacy coalitions and adjustment with international agendas, adaptation and sophistication of the range of available instruments, spatial and territorial aspects of policy, professionalization, etc.].

- This allows us also to abandon the equivocal and elusive dialectic between “return” or “withdrawal” of the State because in theoretical terms, this is not very relevant. Historians and comparative politics have proven that liberalization often implies an upstream State initiative and call for the State to provide help and compensation (cf. Polanyi; Camau (1990) on political change in Maghreb). This is because, in more empirical terms, in Morocco, public authorities still remain a major economic regulator, even if their direct resources have diminished. Their arenas of intervention are changing and fragmenting. And the State reference makes sense for social and economic actors in the context of the destabilisation of previous conventions and compromises: for instance, 20 years after the structural adjustment, the « un-employed graduate » (diplômés chômeurs) movement still turns to the State to claim for State employment payments (sit-ins are often organized in front of the Parliament in Rabat).

- Therefore, I propose to study the reshaping of (economic) policy through 4 main assumptions. It is still an outline. I will point out the linkage between them. They do not resemble each others, they are not relevant in all sectors. But they are complementary key elements to understanding how State economic power is restructuring in Morocco – and certainly, to various extent, in the other case studies of the program; how are State institutions reshaping and how is political economic regulation changing (kinds of coordination, of exchange, places of regulation, space constraints or opportunities, innovative tools, etc.).

(1) Privatization : privatization not only of the means of production and of utilities, but also of help, welfare, assistance and protection against various social risks. Here « privatization » is to be understood in the sense developed by B. Hibou (1999): less a (relative) withdrawal of public power than a new kind of interventionism, which Hibou calls a « discharge » onto private actors (a reference to the weberian process): erosion of

direct public resources, fragmentation of powers, indirect private government, but also concentration of decision power.

In the case of Morocco, this is a particularly interesting assumption in that the privatization program launched in 1990 was ambitious and has been reinforced by the de facto privatization of a lot of public services / utilities in the last decade.

(2) Devolution and decentralization of investment and social issue: Recent economic policy in Morocco outlines new territories for economic regulation. These spatial dimensions of economics involve new cleavages and conflicts and contribute to the reshaping of local politics.

- In Morocco, like in a lot of other Arab countries, the substantial decentralization reform in the 2000s is ambiguous. It does not really give more power to local citizens. It is very supervised by the central authorities, who have devolved economic policy to local domestic administrations (gouverneurs (prefect), wali (regional prefect), etc.) in the name of economic development priorities.

- In the face of international delocalization (off shoring, etc.) and national decentralization of economic policy, one can question the national model of economic management (is it justified to situate analysis at a State-nation level?). There is a “Moroccan-style” political economy, but I presume that one can isolate local peculiar regulations, linked to social, historical, geographical or institutional specificities. They are contributing to the stabilization or the destabilization of the regime.

(3) Trends to depoliticize economic policy: Here depoliticization means the desire to express and manage economic choice outside of the political arena. This is first a common/banal process, arising from development and sophistication of public policies (calling in experts or technocrats for economic policy). But this can also be explained as a “politics of anti-politics”. The anti-politics is to some extent a feature of populist and anti-democratic governance. It is also advocated by some liberal economists (cf. Schumpeter, etc.): the argument to marginalize the role of politics (political parties, elected local or

national authorities, parliament), to the advantage of “experts” is that only an “end to politics” (with its conflicts, instability, or even division, demagogy etc.) can provide the basis for economic development. In Morocco two elements can illustrate these two dimensions of the trends to depoliticize economic policy :

- When the USFP (Union socialist des forces populaires) came to government in the 1998 so-called « gouvernement d’alternance », a lot of economist academics were appointed in the administration or at the head of major ministries. The same who had mobilized against privatization in the 80’s converted to liberalism. Here, the sophistication of public action found “appropriate” experts in this generation of academic militants.

- It is quite different in another case. In the same period, industrialists or senior managers of public or private firms were appointed to major responsibilities. Like the

new minister of the Interior, Driss Jettou (industrialist, an establishment figure, close to the palace but also to the CGEM (???) during the 90's, previous treasury minister) appointed minister of Interior (2001) then Prime minister (2002) , they embody a new generation of political men, close to the Palace, promoting a certain 'technocratisation' of policies and politics). In the field of economic policy, the recent decentralization has exacerbated this process : the Royal Letter to the Prime Minister on Investment Management Devolution (2002) gave "wali" (regional prefects) important and new functions: they are in charge of "the decentralised management of investment and of economic and social development." In 2001, seven of nine Walis appointed were indeed, for the first time, from outside the services of the Ministry of the Interior. These were graduates of the best French schools, engineers and often heads of important public or private offices in the Kingdom, some of whom had participated in the privatisation program. The press called them "technowalis". Keeping in mind the social elitist origins of most of them, they cannot rightly be considered outsiders. Cabinet minister's sons, some of them, they grew up in a political atmosphere. Nevertheless, they contribute to a "politics of anti-politics" and are strong rivals for elected local authorities in terms of means and legitimacy of economic policies.

(4) Maybe we could (very) carefully question the relevance of a "third way" in the political quest for new economic regulation? The reference to Giddens's (1998) paradigm for a social democracy is definitely not valid here. But the reshaping of economic public action in Morocco, and the instable balance between several kinds of regulation, shape a compromise in which individuals have to organize themselves (especially against social risk) and in which the State has to guarantee quality of services, evaluate them, regulate them (see the huge reform of economic Laws in Morocco, the desire to found a social and economic council, the implementation of Trade courts, etc.):

- New paradigms and tools for policy? contractualization vs institutionalization ; generalization vs individualization/merchandization ; assistance vs insurance ; sectorization vs de-sectorization, etc.
- What kind of arena for policy? For instance, in terms of Labour relations, social partners in Morocco tend to become norm producers (see the adoption of the new labour law) ; in terms of redistribution and social policies, is an assistance right at stake ?

The framework of my paper will follow the main entries proposed in the "concept paper for the economic sector of the research".

1. Modalities of Wealth Accumulation and Distribution under Economic Reform

In Morocco, the last two decades witnessed many reforms of economic policies. Three processes characterized these restructurings:

- First, the "Structural adjustment", implemented with the help of loans and expertise from the IMF and WB (and to a lesser extent the EU). As elsewhere, the « orthodox » plan aimed to « stabilized » the macro equilibrium of the economy, to

restructure State expenses and public funds, and to reform the economic tools of State intervention

- Second, a privatization program voted by the Parliament in 1989 and launched in 1991
- Third, a liberalization process,
- One the one hand, an opening to world trade: decreasing customs tax and trade agreements: in 1996, with European Union, in the vein of the Euro-Mediterranean Partnership and more recently (2004) with the US, as the first for Arab country (with the exception of Jordan in 2001).
- On the other hand, the implementation of a new legal framework for economic activities [even if the law is not well enforced, and even if breach of the law is arbitrarily punished, as was the case during the famous and controversial “purification campaign” in 1996 – ended, incidentally with a fiscal amnesty, “updating amnesty”]: bank and tax system reform; competition law (loi sur la concurrence), limited (SA) company law; implementation of commercial courts, etc.

1.1 Structural adjustment and « mise à niveau » : reformist plans and slogans

- End of the myth/the promise of public employment
- Reduction of customs protection of local production.
- Fall of subsidy consumption.
- In terms of macro economic goals, structural adjustment reaches its goal or tends to.
- Its social impact is negative (in terms of employment, education or health system access).
- The measures of the structural program seem to have, paradoxically, paved the way for stronger state interference in the economic arena, on the one hand, and for a closer rapprochement between some leading entrepreneurs of the national economy and the state, on the other, to keep the balance between economic reform success and social stability. This can be illustrated with privatization policy.

1.2 Privatization

Morocco offers a unique perspective on liberal reform in the region considering both the specificity of its privatization program and its level of achievement. In the beginning of the 1990s, R. Springborg (1993), among others, anticipated a great social transformation, in the wave of liberalization and privatization (“the way thus has been clearly ideologically and politically for a resurgence of the bourgeoisie. The new orthodoxy of development, which calls for exported growth under private sector auspices, champions bourgeois entrepreneurialism”). But contrary to what was predicted (and announced by public authorities in Morocco), the important cession and sales of public enterprises to Moroccan or foreign investors did not give rise to a “new middle class” or a “new entrepreneurship”.

1.2.1- Privatization list voted in Parliament in 1989 concerned the most important economic sectors of the country (hotel or firms in difficulty but also the main firms in the sectors of finance, banking and insurance, mining and cement, transportations, etc. not to mention the transfer of telecoms, water and electricity supply, etc.) The pace and extent of their sale to private interests were sustained during the 90s, even if they slowed down for a while with the appointment of the so-called “gouvernement d’alternance” led by several socialist and nationalist leaders in 1998.

Parallel to this formal privatization process without precedent in the MENA region , a lot of utilities, such as water supply, transportation, telecommunication, etc., were “sold” in the contractual form of “gestion déléguée” (delegated management).

1.2.2 - Only few Moroccan privileged groups have benefited from the program, and mainly ONA (Omnium Nord Africain), owned by the royal family. In other terms, public firms have been bought either by a few people and groups heading the major State-owned and private holdings in the country, or by their previous “general directors” (when they were State-owned), or by foreign groups.

1.2.3 - This concentration of capital with the help of privatization has multiple causes:

- Arbitrary, discretionary, corrupt and clientelistic practices in the process
- More mechanical effects generated by the credit and financial structures (the bank system – and the possibilities of securing a bank loan -- is in the hands of the main holdings and firms of the Realm).

1.2.4 - But these direct sales and the privatization of utilities had major consequences on economic policies – and the citizen/State relationships:

- On the one hand, State enterprises can no longer employ as many people as they previously could. Added to the restructuring of the State administration, this led to a strong reduction of a major kind of redistribution and regulation: the public employment. Between 1985 and 1994, the rate of recruitment in the public service and sector dropped by 80%.

- On the other, these operations tend to “transform” citizens into clients, not without opposition and protest: L. Zaki (2005) shows for instance how the electrification of bidonvilles/shantytowns in Casablanca, after privatization, generated “poaching” practices, local contention and negotiations with local authorities and private company representatives).

- This reshapes the hypothetical social contract and the exercise of economic citizenship:

- In terms of path dependence and attempts of citizens, this can be illustrated by the exceptional and exemplary mobilisation of “diplomés chômeurs” (unemployed graduates) who organized in the 1990’s in national (ANDCM), regional, specialized or sector-based associations (see the dissertation of M. Empador (2005)).

- In terms of concrete power of citizen in the making of policies, this can also be underlined in the case of the privatization of utilities: the previous jurisdictions of local governments, and mainly municipalities, concerning community and public services were heavily shaken these last few years. The generalisation of the concession of public utilities to private firms partly stripped them of their functions.

1.3 Conclusion

1.3.1 At the end of the 70's Morocco figured among the 15most heavily indebted countries

- After the 1983-1993 Structural adjustment program and the macro stabilization of the economy, the external debt (solde du compte courant) was reduced from 12,3% of the GDP in 1983 to 0,9% in 1987 and 0,7% in 2003. Thanks to devaluation of the dirham (from 1983 to 1985), exports increased and imports diminished in the 80's. The growing tourism earnings on the one hand, and the increase in capital transfers from Moroccans living abroad helped, with debt relief (allègement de la dette) to restore external equilibrium.

- In spite of the exceptional incomes provided by privatization, the budget deficit remains, but according to official sources, is "under control".

- Public resources diminished noticeably during the two last decades.

1.3.2 Despite the mode of Privatization, the combination of a new export-oriented trade regime and rising international manufacturing opportunities initiated important changes in the composition of the private sector. In the textile sector, for instance, M. Camett (2004, 246-247) shows that "small-scale producers from modest background emerge alongside traditional protectionist elites". Not directly visible through a statistical approach, this has induced conflicts and change in entrenched business-public powers linkages (in politics and policies linkages).

1.3.3 Decentralization of economic policies: in a global context of "delocalization" (off shoring mainly), the restructuring of economic policies in Morocco tends to encourage the delocalization of investment inside the country, thanks to a decentralization program. The "Royal Letter to the Prime Minister on Investment Management Devolution" (2001) initiated the process. It ordained under the supervision of regional wali, the creation of Regional Investment Centres (RIC), that centralise the services for economic operators, Moroccan or foreign, interested in local investment.

1.3.4 To sum up, from a macro level point of view, we can follow the study by B. Dilmann (2001, p. 198) on the recent political economy in the Maghreb: « Regimes have been quite adept at maintaining patronage coalitions and determining the mechanisms by which public and external resources are divvied up. The most they "deregulate" the most they "re-regulate" by determining precisely who can most easily benefit from change and join distributional coalition to tap profits in the market". Direct State resources have weakened but public authorities, and the Palace at the head, have

proven to be the main initiator and operator of economic policies. The liberalization still remains an « affair of State ». But this is not enough to understand how State power is evolving because the channel and modes of its intervention are reshaping. Thus, analyses should be deepened to show the complexity of the process of « regulation by less State » very supervised by public authorities. This can be made clearer by examining what is at stake in social welfare provision and the labour arenas.

2. The Role of the State in the Provision of Social Welfare

The equation is the following: contrary to what was expected in the 60's and 70's (or to what we can observe in Tunisia), Moroccan society remains weakly “salarised” (salarisée): wage earners are few while the social welfare system launched in the first years of independence was precisely based on the Fordist assumption (productivity growth, taylorist division of Labour and extension – and stabilization – of wage earning) would insure the path towards modernization, thanks to State subsidies, social law, the welfare State and national economic management). The pressure exercised by direct foreign investment encouraged social dumping and low wage policies. And the social impact of structural adjustment aggravated the rate of poverty, including poor workers (according to official sources, 33% of the population is poor).

During the last decade, official social indicators improved in Morocco. This was due mainly to an increase in public social expenditures and the Government's increasing focus on rural areas (e.g., rural electrification, rural roads, and potable water). Yet, both absolute poverty and “economic vulnerability” increased: according to official statistics, Poverty in Morocco affects over 23% of the rural population. 700 000 households are affected by social exclusion and 4 million people live in sub-standard housing or slums. Furthermore, 2% of the urban population lives in extremely vulnerable conditions. The health and educational expenses have remained stable (in percentage of GNP) but have fallen in comparison to the demographic increase.

In the context of social movements – and mainly after the bomb attacks in Casablanca 2003 – and pressed by the EU to hinder immigration, Morocco is waking up politically to the exacerbation of social risks and their possible political consequences. Within a short time, a series of social laws have been adopted, first and foremost a new labour law which, in 2003, replaced an older and outdated law inherited from the colonial period. At the same time, various semi-public agencies, and in 2005 a National initiative for Human Development (INDH) have been established to organize aid provided by private sources and volunteer associations to the “needy”. This acceleration of social reform is based on the perception that integration through formal participation in the labour market has failed. It is part of the transformation of the role of the Moroccan state and other actors and institutions involved in the formulation of social policies, with a tend to depoliticization.

2.1 Moroccan State has never been a Welfare State (unlike for instance, close neighbours like Tunisia and Algeria)

In the case of Morocco, the role of the State in the provision of social welfare service is not declining, on the contrary. But it is reshaping.

2.1.1 A very low place in the HDI ranking.

In 1985, had the UNDP's HDI existed, Morocco would have ranked among the "underdeveloped countries" (with low human development) (CERED, haut Commissariat au Plan, 2006). Now, mainly due to growth recovery, the country ranks among countries with medium human development. Nevertheless, its social policies are characterized by mediocre performances. In terms of IDH, it is classified with the 4 weaker Arab countries.

This is mainly due to the failure of the health system and the educational system: Morocco has the lowest adult literacy rate in North Africa (around 50%).

2.1.2 A pyramidal system of welfare, based on the non-achieved goal of extension of wage earners.

- At the head of the pyramid, some members of the State administration and public sector.
- Of 7.3 millions private sector employees (89% of the working population), only 1.2 millions are affiliated to the Caisse Nationale de la Sécurité Sociale.
- While only a part of the population is covered, their needs are also in fact only marginally covered.
- Those who can insure themselves with private insurance firms, others ask for assistance, local, familial, communitarian, private or public. This is exacerbated by the increase in unemployment and the development of flexibility on labour market. (???)

2.1.3 An embryonic assistance system.

Until the latest reforms, no social policy was really implemented. The main program, called "l'entraide nationale", launched in 1957, claims today to provide help to 100 000 poor people in Morocco, since 5 million people are registered as poor people (and the part of "vulnerable people" is further more important).

- In the case of Morocco, the State has never been a welfare State, except through the plethoric state employment. Thus, what is at stake now is the implementation of social policies strongly combined with the reshaping of labour policies.

2.2 A dual set of reforms which reshape the "social citizenship"

We can observe a double process, involving some reshaping of State intervention: On the one hand, a legislative process aiming directly at improving social protection of the already somewhat privileged salaried workforce;

On the other hand, the less institutionalised and sometimes volatile disbursement of aid funds by governmental agencies and international organizations.

2.2.1 An ambitious reform of Welfare concerns a small part of population.

- Reform of the labour Code (2003): more flexibility but institutionalization of unemployment benefits and recognition of labour representatives inside firms.

- Institutionalization of an obligatory health insurance (AMO. 2006). Trends to generalization of health system (but for the moment, the need covered by the new AMO concerns very few medicines and the reimbursement represents only 1% of the expense).
- Reform of the pension: towards private insurance (see the WB model)?
- Protected population are few (15% of Moroccan people have health insurance and access to hospitals or clinics are difficult in rural areas)
- Needs covered are few.
- The Law is not enforced. Especially in firms, employers do not consider registration of their employees with the CNSS as obligatory (only 27% of employees are affiliated to CNSS).

2.2.2 Le « Chantier de règne » : l'Initiative pour le développement humain (2003). The announcement by Mohammed V, in May 2005, two years after the bomb attack, of the implementation of the INDH (National initiative for human development) breathed new life into the reshaping of policies targeted at poor and vulnerable people.

Beside the media coverage of the event (presented as a “chantier de règne” for the so-called “King of the poor”), the dynamics around the INDH underline some redeployment of the power of the Moroccan State. It places emphasis on the role devoted to those “private semi-public institutions established by key figures to organise aid provided by private sources to the needy” (cf. “concept paper for the economic sector of the research”). But in some aspects, it goes further: mainly because it establishes public institutions to coordinate private aid; because it also tends to decentralize social policies.

- A Royal Initiative. Charity and neo-patrimonialism reinvention and modernization.

• The INDH is along the same lines as the two « flagship » monarchic institutions: Mohammed V Foundation for Solidarity (created in 1998) and Hassan II Funds for economic and social development (created in 2000). Led by King Councillors, bank leaders, etc., these hybrid institutions are financed by exceptional public funds or national and international private sponsorship: for instance a part of the privatization of GSM in the case of the Hassan II Funds. But their expenses are not controlled by Government or Parliament. Since 2001, Hassan II Funds have the status of State-owned Companies.

- This is based on a “new” kind of social intervention: micro credit support to encourage “income generating activities” and to promote access to basic infrastructures and social services.

- They enter into partnership contracts with local or international NGOs.

- If they have Moroccan monarchic support, they are very similar to other kinds of institutions such as the 26/26 Funds in Tunisia. They are modernizing neo-patrimonialist and clientelist charities.

• INDH, supported by the World Bank, goes further: it claims to “reinforce” social policies controlled by national and local authorities, managing private funds for poverty reduction. It is designed as “community driven development” (but until to now it is mainly lead by local representatives of the Interior Ministry) ; it is supposed to rely on a

“participatory approach”. It targets some rural and urban neighbourhoods diagnosed as priority communities.

- The target population is not a « residual » one but on the contrary represent a huge part of the Moroccan population.
- The activities supported are “private”, “decentralized” and tend to be “depoliticized”. It is never debated in the Parliament but depends on Royal initiatives. Locally, the municipalities are stripped of any decision-making or implementation, to the advantage of some NGOs and the Interior administration.
- It is not a question of transforming the social and political rights of Moroccan people, but of changing the conditions, prerequisites and framework of insurance and solidarity. Nevertheless we can question the assumption of the beginnings of a kind of “right to assistance” in the context of the implementation of INDH.

2.3 Conclusion

In the case of Morocco, the embryonic issue of protection against social risk shows that the State is on the tightrope but has not withdrawn from service provision. The current reforms of social policies can be observed as a laboratory of social policy making in a context of economic liberalization and strong public expenses reduction. This restructuring shows not only trends toward innovation but also structural and conjectural limits of the reshaping of State power in these domains.

The State lays down (allocates ???) some heavy loans (to private sectors and NGOs), but seems to retain the control of economic management and social regulation. Maybe here it is that it would be interesting to investigate the issue of social cohesion and the quest for a « third way ».

- Resorting to private national or international partnerships to raise funds but also to implement policies.
- Delocalization (offshoring?) of social policies: while welfare, protection and assistance are expressed in universal terms, the concrete policies are implemented in very localized places. The territories of this “welfare system” do not correspond to the territory of the National State.
- Welfare is not a right but a favour to the needy, or a service to customers or to insured people.

3. Changing State Labour Relations

The landscape of labour relations in Morocco evolved through Structural adjustment and privatisations. The State is no longer the main employer in the Kingdom and the violent State-labour relations are opening up to a third partner: private employers. While some new institutions seem to be inspired by a « neo-corporatist » formula (such as the « Social dialogue » cycle), the process is quite different:

- Because none of the « social partners » can claim to monopolise representation.

- Labour unions are divided; they have found competitors in ad hoc new organizations and associations and are not very present inside firms.
- CGEM remains a fragile organisation in terms of representation.
- Because public power still remains very interventionist, even if social partners tend to become norms producers.

3.1 *Employers become « social partners » : Institutionalization of a professional association*

3.1.1 A voice :

- During liberalization a new narrative appeared that combines the others.
- A narrative about entrepreneurship
- A narrative from entrepreneurs: some people speak in the name of the entrepreneurs' interests.

3.1.2 An association : The "Confédération générale des entreprises du Maroc" (CGEM)

Created in the 1940's, CGEM became a real and apparently powerful corporatist organization in the 1990's:

- In 1994, a new "unexpected" team took the chair -- not without contention.
- The team started a double process :

- Reform of the association, especially in terms of representation (increasing the number of its federation including the federation of small and medium-sized enterprises ; creation of regional offices ; work of media coverage of the association's activities and positions).

3.1.3 A social partner

For the first time in Morocco, employers (as it happens CGEM) are represented in social negotiations and the signing of agreements with Labour unions (social agreements in 1996, 2000, 2003).

- This (fragile) triangularization of negotiations broke the history of face-to-face violent government - labour confrontation.
- Development of the association consolidated and strengthened the existence of « entrepreneurs » whose new and atypical leaders claimed to be « spokesmen ».
- In spite of the work of the leading team and the election of a new president in 2000 (and another new one in 2006), the power of the confederation still remains fragile because of its contested representational ability and because its decisions and positions or not always followed by the employers.

- Three consequences:

- In a context of social trouble and rapid transformation of the labour market, the social conflict is transferred from the public and political arena to private firms.

- After long years of bargaining, a new labour code was adopted in 2003 (just after the attacks in Casablanca and the national elections in 2002 in which the PJD demonstrated its strength).

- Employers and labour unions are put in a position to establish norms. They have gained a certain autonomy in negotiations (cf. the negotiations on the new labour code in 2003)

3.2 In spite of (and because of) growing flexibility on the labour market and the worsening of unemployment rates and social risks, Labour unions have lost ground and are weakened by a growing lack of political and economic resources.

3.2.1 Unemployment rates are increasing (rem.: officially, in 2006, 9,8% but the figure is very contested.), and the ratio of workers in small enterprises without staff representatives or of undeclared workers is very high. In this context, relationships between workers and trade unions are rare.

3.2.2 Labour unions have to deal with their own close but sometimes antagonistic relationships with the various political parties they were linked to. Especially when USFP and Istiqlal came into government affairs in 1996, unions had to revise their previous oppositional position. In the case of CDT (Confederation generale des travailleurs) and USFP, this led to a split and the foundation of a new political party in 2003 (the Ittihadi Congress led by the leaders of CDT).

3.2.3 Because of the strong tension on the Labour market, and the weak power of the law, the exercise of union activities in Firms is very risky and costly.

• Consequences :

- Individualization and personalization of labour relationships, which tend to take place and be organized more inside the company than in an institutionalized arena.

- Sectorization and delocalization of labour regulation: the comeback of collective agreements in State enterprises; implementation of a temporary sector-based SMIC (index-linked guaranteed minimum wage) in the case of the powerful textile sector, etc.

- The law (and the State of law) is not the main tool of regulation.

- The State remains « instituteur » (in the same time teacher and tutor) of this reshaping of social partner relationships. Public powers and especially the Prime Minister D. Jettou claims to play the role of referee and arbitrator.

Conclusion: Restructuring Economic State Power In Morocco

1) The resources of Economic State power in Morocco have changed :

- The driving force of the State's economic power does not rest on the public sector which has privatized a large part of its main firms (except the Office Chérifien des Phosphates).

- The Moroccan State is not now the main employer in the Country.

- It is dependent upon international division of Labour but, the Moroccan State, dependent as it is on the European economy is trying to diversify its partnership and to play a leading role in the reshaping of MENA political economy (First MENA

Conference in 1994 in Casablanca : building a regional market in the “wake” of the Oslo Agreement ; Free trade agreement with the USA in 2004 ; Agadir Agreement (for the implementation of a “free trade Arab area” supported by the European Union) in 2004, with Tunisia, Jordan and Egypt).

2.) Morocco: an atypical or exemplary case study? How to outline a comparison?

If the Moroccan case suits the “tracks” suggested in the “concept paper for the economic sector of the research”, it also offers some peculiarities:

- the weakness of the rentier paradigm to explain what is at stake in Morocco.
- the welfare State is more developed than it is in Lebanon, but we can not assert that the State is withdrawing from social policies. In some aspects, it is the contrary.
- Interest to compare inside “Arab world” in terms of political economy. Egypt, Saudi Arabia, Lebanon and Morocco present common processes but also huge historical and institutional peculiarities in terms of production, distribution and wealth accumulation.
- Can we notice the same kind of re-regulation in the other case?

3) Bringing the State back in... what’s about the paradigm of “less-State regulation” (réguler par le moins d’Etat ?). As Dillman underlines (cf. “concept paper for the economic sector of the research”), the more the regime de-regulates, the more it re-regulates. The Moroccan case allow us to add that this re-regulation cannot amount to determining who will be the losers and who the winners of the reform :

- Contrary to what Richards and Waterbury claimed in 1998 (cf. “Concept paper for the economic sector of the research”), it is not so easy in the case of Morocco – and maybe elsewhere – to identify a “stable” pro-reform coalition, composed of a large Moroccan private sector and rural notables. If we analyse the making of “networks of privileges” capturing a disproportional share of the benefits of the reforms (Heydeman, 2004) – cf. global statement on the privatization process –, there are complex social and economic processes intervening in the restructuring of economic State power. While pre-reform coalitions remains powerful, they interact with other kinds of collective actions and bargaining, expressing the complexity of the interests at stake and the difficulty in assigning a stable, distinct and coherent identity to the various actors of political economy. This can be illustrated by the many conflicts inside the CGEM, the huge disputes led by the textile association (AMITH) against the recent agreement signed by the CGEM, the controversial election of a new president for the Confederation in 2006. It would be a “pity” (???) to minimize the various divisions in the “private sector”: it appears all but homogeneous and shows difficulty in expressing a common interest (do the “entrepreneurs” exist in Morocco as a social group?).

- The modes of re-regulation are many and contribute to redefining political and social identities; new linkages between politics and policies; the expression of new kinds of cleavages. Crony capitalism is not the only mode of regulation. The analysis of privatization, social policies and labour relationships helps us to identify some of them, in the arena of policies (and not only politics or elites structure): “discharge” (see before); decentralization and delocalization (with the outline of new territories for policies); de-politicization ; compromise (and conflicts) on new social pacts, founded more on contract and individuals to the detriment of collective actors and general rights.

- In terms of restructuring of State power, I should come back more to the scenario proposed by our general outline
- the “consolidation of neo-authoritarian regime”;
- the “populist” scenario
but my ideas are not very clear on that yet...