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for the Mediterranean



## WP2 – Geopolitics & Governance

# Morocco at the Crossroads: Seizing the window of opportunity for sustainable development

**Silvia Colombo**

**MEDPRO Technical Report No. 2/April 2011**

### Abstract

The question of state sustainability is highly relevant in the case of Morocco. Despite the image of a modernising and liberalising country, Morocco is undergoing a delicate phase in its development. The recent upheavals in the Maghreb and the Middle East alongside the growing problems of poor education and high unemployment are likely to bring to the surface the unsustainable elements of Morocco's status quo. The central issues concern the quality of institutions, reforms aimed at promoting the rule of law, curbing corruption and overhauling the judiciary.

This paper will argue that while institutional quality is a pre-requisite for successful and sustainable socio-economic performance, this cannot be achieved unless major reforms in the political system are carried out. There exists a window of opportunity to accelerate reforms and to address the acute centralisation of Moroccan politics and decision-making, the lack of accountability of the monarchic institutions, as well as the fragility of representative bodies, such as parties and trade unions. Seizing this window of opportunity could spare Morocco a period of instability, while also assuring continuity in the framework of the transition that started in 1999 when the new king came to power.

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# **Morocco at the Crossroads: Seizing the window of opportunity for sustainable development**

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## **Introduction**

The question of state sustainability is highly relevant in the case of Morocco. Despite the image of a modernising and liberalising country, skilfully fostered by the West's almost unconditional support for its monarchy, Morocco is undergoing a delicate phase in its development. The recent upheavals in the Maghreb alongside the growing problems of poor education and high unemployment are likely to bring to the surface the unsustainable elements of Morocco's status quo. The central issues concern the quality of institutions, reforms aimed at promoting the rule of law, curbing corruption and overhauling the judiciary. Wavering public confidence in the political system as a whole suggests that the vibrancy of Moroccan society has not translated into active political action and participation. The society's frustrated political, social and economic ambitions are channelled instead into outbreaks of anxiety and discontent, which may represent sources of instability in the medium-to-long run.

## **1. Prioritising economic development**

Morocco highlights the importance of the link between sustainable development and sound institutions, here understood as the set of bodies and rules within which decision-makers act across different policy arenas. The claim that "institutions provide the incentive structure for an economy; as the structure evolves, it shapes the direction of economic change towards growth, stagnation, or decline" (North, 1991: 97) could be extended to encompass not just the macroeconomic prospects of a country, but also its broader process of development. From a purely economic perspective, a growing body of evidence confirms that the quality of institutions is a crucial factor in defining a country's ability to benefit from globalization (Clarke, 2001), and is the cause of economic growth (Acemoglu, et al., 2003). The concept of institutional quality is inextricably tied to that of political capital, defined in MEDPRO as "the capacity at the level of institutions and regulations to react to domestic and external social, economic and political challenges and to ensure that a country can draw upon and make full use of its economic, social and human capital" (Colombo, 2010: 3). Based on the premise that institutions, which structure interactions among individuals and groups at the political, social and economic levels, play a key role in securing the success of reform, this paper assesses whether this has been and is likely to be the case in Morocco. This paper argues that Morocco's past and present experience of development suggests that while the tipping point towards instability is not around the corner, unlike several of its neighbours, comprehensive political and institutional reforms are necessary in order to set the country on a path of sustainable development.

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The early 1980s represented a watershed for the Moroccan political system. Until then, the main priority had been maintaining the country's unity and consolidating state institutions, while limited importance was attributed to sound economic policies. Cherkaoui and Ben Ali (2007: 753) argued that "the 1982 financial crisis worked [...] as a catalyst and a signal to the state that economic problems had become important enough to be potentially prejudicial to the working of the state and to its power". Between 1983 and 1998, in fact, the country launched an important structural adjustment programme based on liberalisation and privatisation aimed at fostering foreign direct investment (FDI). In particular, reforms tackled trade and credit; import quotas were removed and tariff rates were reduced so as to create a better environment for FDI that required guarantees for property and contract rights. The country was supported in its efforts by international financial institutions (IFIs), such as the International Monetary Fund, through their injection of substantial sums of money. These institutions were not the only external actors encouraging reform in Morocco. By the 1990s, the European Union started encouraging neo-liberal economic reforms throughout the Mediterranean in view of promoting regional stability and security. Both the IMF and the EU focussed on macroeconomic conditions. The desired microeconomic consequences in terms of employment and prosperity among the population at large were mistakenly supposed to follow through a process of 'trickle-down'.

Although several reports over the last decade have portrayed Morocco as a 'success story' in terms of economic development (Pfeifer, 1999) and the country is clearly one of the most open economies in the region (IMF, 2008), the reforms did not achieve genuine economic development as reflected in individual material betterment. Persistent socio-economic problems in Morocco are manifold and will be thoroughly addressed in the next section. Interestingly enough, as underlined by Joffé (2009), economic reform in Morocco has been almost completely decoupled from political reform. As argued by Moudden (1998), "the first and most important impact of adjustment was that it made economics a priority dimension in political decision-making in Morocco". To date, this pattern and prioritisation in Morocco remain firmly in place, owing mainly to foreign pressure and incentives putting a premium on stability and economic development. Yet, as we shall see below, the strategy of separating property and contract rights from broader civil and political rights (Barro, 1996) in order to foster a favourable climate for FDI proved misleading.

## **2. A mixed socio-economic performance**

When addressing Morocco's prospects of sustainability, it is fundamental to recall the multi-dimensionality of this concept. A number of prominent factors constitute the basis of sustainable development in most Mediterranean states. In Morocco, some are present and others absent. In this section we will highlight some of the constraints that Morocco faces today on the path to sustainable development. The image that emerges is that of a country daunted by the risk of instability despite appearances to the contrary. This is all the more true if we consider the dynamics that other countries in the region are undergoing. Despite country-specific dynamics, Morocco shares some of the region-wide challenges to sustainability both in socio-economic and political terms. From this perspective the future of the Moroccan state will depend heavily on its leaders' willingness to carry out a number of reforms, e.g. in the education and judiciary sectors in particular, and to strengthen the accountability of the political system by drafting a new constitution and an anti-corruption law. Provided that a number of these reforms are readily discussed and implemented, the Moroccan state could remain stable for decades ahead. If not, then Morocco could run the risk of growing instability, stemming from non-addressed grievances and growing public awareness of the possibility of change elsewhere.

Going back to the determinants of sustainability, one of the most important factors is the degree of legitimacy enjoyed by those in power, namely "...the capacity of the system to engender and maintain belief that the existing political institutions are the most appropriate ones for the society" (Lipset, 1960: 77). The Moroccan monarchy enjoys an almost unquestioned legitimacy due to its lineage going back to the Prophet himself. This aspect brings together three strands of legitimacy as defined by Niblock in one of his books on Saudi Arabia (2006: 9-13), namely traditional legitimacy, charismatic legitimacy and ideological legitimacy. Although these sources of legitimacy have contributed to shielding the king and the royal family from criticism, raising them above the political system and process,<sup>1</sup> not everyone recognises these determinants of legitimacy of the Moroccan king. For instance, the opposition movement Justice and Charity (*al-'Adl wa-l-Ihsane*), led by Nadia Yassin, the daughter of Shaikh Yassin, refuses to acknowledge the monarchy's legitimacy and justifies its position by quoting directly from the Holy Quran.<sup>2</sup> Nevertheless, the largely uncontested traditional, charismatic and religious legitimacy of the Moroccan monarchy is not sufficient to ensure state sustainability. Two more bases of legitimacy are important when addressing Morocco's prospects for sustainable development. The first refers to the capacity of those in power to create a shared sense of economic and social justice – eudaemonic legitimacy, according to Niblock's classification. The second pertains to the structural and democratic features of the political system. The former has been partially addressed by the Moroccan regime in its attempt to modernise the economy, leading however to mixed results. The latter, as we shall see below, has lagged behind, and has recently given rise to mass protests in the country. We will address first Morocco's socio-economic reforms and projects, which are being implemented in response to structural problems, leaving the discussion of political dynamics for the next sections.

In the last decade, the Moroccan state has launched a series of highly publicized investment projects in infrastructure and transport, which provide some justification to the image of the country as the most reformist in the Maghreb. The Tangier Med project is amongst these. As stressed by the President of the Tangier-Mediterranean Special Agency Supervisory Board, in terms of objectives, Tangier Med aims at creating a logistics and industrial hub for the trans-shipment of goods that are directed towards Africa (33%) and Europe (20%).<sup>3</sup> Massive public investments<sup>4</sup> in the port were carried out with the expectation that these would contribute to Morocco's development through the creation of new jobs and FDI inflows. Reducing economic disparities between this area of Morocco and Europe, thus fostering stability across the Mediterranean, was also seen as a goal. In terms of achievements, around 20,000 port-related jobs have been created so far, while estimates foresee that their number will reach 80,000 in 2020. Furthermore, in 2015, the port is expected to become one of the top three in the entire Mediterranean basin in terms of traffic (Alessandri & Colombo 2010: 6-7). Despite this largely positive account so far, the contribution of Tangier Med to the broader development of the Moroccan economy remains to be assessed in the years ahead, as and when the construction phase ends.

All in all, from a macroeconomic point of view, Morocco has strengthened its image as a model for the Arab world in recent years. A number of statistics point to the fact that even during the

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<sup>1</sup> Author's interview with a researcher from the Institut Marocain des Relations Internationales (IMRI), 13 October 2010.

<sup>2</sup> Author's interview with a member of the Justice and Charity movement, 17 October 2010.

<sup>3</sup> Speech delivered at the Mediterranean Strategy Group meeting, organised by the German Marshall Fund, Genoa, 24-26 October 2010.

<sup>4</sup> Tangier Med could benefit from some €2 million in public investments. In addition, it also received €1.5 billion in private investments. No direct European investment has been made in the project. See Alessandri & Colombo (2010).

recent economic downturn at the global level, Morocco's economic performance has remained solid. 2009 was particularly positive for the Moroccan economy, with real GDP growth reaching 5.2% (International Monetary Fund, 2009). In 2010, growth fell to 3.2%, but is expected to pick-up again in 2011 to 4.5%.<sup>5</sup> Morocco has also managed to keep its public debt under control (47% of GDP in the last trimester of 2010).<sup>6</sup> Furthermore, IFIs tend to stress the fact that Morocco is on a positive track since important reforms in terms of public finance are ongoing, including tax reforms and efforts to gradually replace the current system of subsidies with targeted measures to assist low-income segments of the population (International Monetary Fund 2009).

However, if we dig beneath the surface, Morocco's economic situation does not justify such enthusiasm. Analysis of the economic data in greater detail reveals that if we look at 2009 and disaggregate the 5% GDP growth, most of this growth was due to an exceptional agricultural production, leading to a 26.2% in agriculture-driven GDP growth, compared to a mere 1.6% growth in industry and services.<sup>7</sup> The problem in these disparate growth levels lies in the fact that the agricultural sector contributes only partially to the creation of stable jobs and its production is tailored to domestic consumption. Thus, partly due to this distorted growth and partly due to recession in Europe, Moroccan exports fell by 19% in 2009. A further impact of the global economic crisis has been the reduction in the flux of migrants' remittances in 2009 – from 53.1 billion Moroccan dirham (DH) to DH 50.2 billion – and in the rents deriving from tourism (-5% from 2008 to 2009).<sup>8</sup> As far as the provision of energy is concerned, Morocco is rich in agricultural resources and phosphates, but is in constant need of energy. It is a net importer of energy and its dependency rate is 97%. This is a prime cause of fragility in the Moroccan economy and it is due to increase in the near future owing to growing urbanisation.<sup>9</sup>

Turning to employment rates, despite a slight decrease in unemployment from 9.6% in 2008 to 9.1% in 2009 and approximately 9.0% in 2010,<sup>10</sup> unemployment continues to represent a critical stumbling block on Morocco's path to development. More accurate statistics reveal that this level of unemployment is matched by a higher level (10.2%) of under-employment, a phenomenon that affects primarily the young (between 15 and 24 years of age) and the urban context (over 14%).<sup>11</sup> Furthermore, the quality of employment is often very poor, particularly in rural areas, where no more than 5% of the workers have a regular contract, an insurance coverage or adequate salaries compared to their education qualifications and tasks performed.<sup>12</sup>

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<sup>5</sup> These data are taken from the World Economic Outlook Database, International Monetary Forum, April 2010.

<sup>6</sup> Author's interview with a journalist of *La vie éco*, 14 October 2010.

<sup>7</sup> In 2007 and 2008, GDP growth in the non-agricultural sector stood at 6.2% and 3.9% respectively. See "Comment le Maroc a réalisé un taux de 5% de croissance en 2009", *La vie éco*, 08 February 2010.

<sup>8</sup> Author's interview with a journalist of *La vie éco*, 14 October 2010.

<sup>9</sup> According to recent statistics, 50% of the Moroccan population lives in cities while the remaining 50% lives in the countryside. This balance is set to shift in favour of the urban population in the years to come, putting more pressure not only on the energy sector (it is estimated that the annual increase in energy needs is 5%) but also on the job market. Morocco is trying to increase the share of renewable energy through plans developed in cooperation with the EU. Author's interview with a journalist of *La vie éco*, 14 October 2010.

<sup>10</sup> See statistics provided by the *Haut-Commissariat au Plan* in Morocco (<http://www.hcp.ma/frmInd.aspx?id=0101010100>).

<sup>11</sup> See "9,8% de chômeurs...et 10% de sous-employés", *La vie éco*, 18 January 2010 and author's interview with a journalist of *La vie éco*, 14 October 2010.

<sup>12</sup> See "70% des actifs n'ont pas de contrat de travail!", *La vie éco*, 26 April 2010.

Another problem, typical also of other countries such as Tunisia, is the phenomenon of *diplômés chômeurs* (unemployed graduate students). Most Moroccans with diplomas do not fare well in finding jobs compared to Moroccans with low levels of education (only 10% of those working in the formal sector have obtained a diploma).<sup>13</sup> Another indicator of the lack of development in Morocco is the Human Development Index (HDI). The United Nations Human Development Programme (UNDP) has calculated an HDI for Morocco of 0.567, based on a number of indicators including life expectancy at birth, mean years of schooling and GDP per capita. This level is far lower than the world average and also the average in the Arab world and, most significantly, it does not match the country's rate of GDP growth.<sup>14</sup> Finally, poverty has increased in recent years despite macroeconomic reforms.<sup>15</sup> The Human Poverty Index of UNDP places Morocco 96<sup>th</sup> out of 120 countries. This number is emblematic of the fact that, among other things, 10% of the Moroccan population does not have access to drinking water and 10% of Moroccan children are undernourished.<sup>16</sup> These disturbing data reveal that Morocco's economic problems are not primarily related to the state of its public finances and to broad macroeconomic indicators, but rather to the absence of inclusive sustainable development equitably spread between regions, economic sectors and segments of the population.

Morocco's economic development is also hindered by the absence of sound reform in education. Education in Morocco is arguably the Achilles' heel of the development process and a striking example of how poor institutional quality negatively impacts on the outcome of reforms.<sup>17</sup> In sharp contrast to the 1970s and 1980s, over the last decade the education sector in Morocco has steadily deteriorated. In the attempt to reverse this trend, already apparent by the 1990s, a royally designated "decade of education" was kicked off in Morocco in 1999 with the publication of a roadmap to education reform – the National Charter for Education and Training (*Charte Nationale d'Éducation et de la Formation*) – by a Special Commission for Education (*Commission Spéciale de l'Éducation et la Formation*). Over the last decade, spending on education picked up – 5% of GDP and 24% of government expenditure over. However, negligible results were recorded both qualitatively and quantitatively in this period. Between 300,000 and 400,000 students drop out of school every year and only 13% of students enrolling in the first year of school obtain their diploma 12 years later. Illiteracy still hovers around 30%. Gender parity also remains a challenge, with a 1:0.87 male-to-female ratio in tertiary education in 2004 and 60% of the adult female population being illiterate, one of the highest rates in the Arab world. Local press has reported that only 16.5% of girls in rural areas attend school, compared to 60% nationwide.<sup>18</sup>

These disappointing results have prompted new measures by the King and by the government, which launched in March 2009 the National Education Emergency Support Programme 2009-2012 to address the short-term needs in education. This emergency plan has raised the age of compulsory primary education to 15 with an eye to eventually increasing it to 18. Over the next

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<sup>13</sup> See "9,8% de chômeurs...et 10% de sous-employés", op. cit.

<sup>14</sup> See statistics regarding Morocco in the country profile of human development indicators at <http://hdrstats.undp.org/en/countries/profiles/MAR.html>.

<sup>15</sup> 10% of the population is estimated to control 30% of the national wealth, while between 20% and 30% of the population lives below the poverty line. Regarding the problem of rising food prices, the regime has recently promised to invest \$1.9 billion in subsidies. Author's interviews with a Moroccan researcher, 19 October 2010.

<sup>16</sup> See statistics at <http://hdr.undp.org/en/statistics/indices/hpi/>.

<sup>17</sup> Author's interviews in Morocco, 13-21 October 2010.

<sup>18</sup> Author's interviews with a researcher from IMRI and a professor from the University Hassan II – Rabat, 13 and 18 October 2010.

two years, 15,300 schools will be upgraded, while 300 existing boarding schools will receive water and electricity. The four-year DH 31 billion (€2.7 billion) emergency programme is being partially financed by a number of grants and loans from international organisations. In November 2009, Morocco received a combined €13 million in loans from the French Development Agency, the African Development Bank, the European Investment Bank, the World Bank, the European Commission and the Moroccan Ministry of Education. This extra investment, coming as the country seeks to meet its UN Millennium Development Goals by 2015, reflects an impressive 23% increase in education spending from 2008.<sup>19</sup> Although it is still early to evaluate the outcome of these new emergency measures, based on the previous record (1999-2009) and experience of the education system in Morocco, doubts exist whether this emergency-driven, largely unplanned and uncoordinated ‘strategy’ could bring about the desired outcomes. Despite what may appear as a substantial investment in a crucial sector such as education, the low institutional quality of the agencies in charge of channelling this investment, e.g. unclear rules in terms of responsibility, lack of strategic planning and the prioritisation of short-term objectives, means that the poor quality of education in Morocco is unlikely to be tackled effectively for years to come. What Morocco needs is a new blueprint for sustainable development based on enhanced governance and sound institutions, including policies to address structural socio-economic inequalities and sweeping reforms to resuscitate a floundering education system that has failed to prepare the country’s youth for an increasingly competitive labour market.

Taking a broader view, a number of factors explain the mixed performance of the Moroccan economy. The overarching problem is that Tangier Med and other infrastructure projects<sup>20</sup> as well as the reforms in the education sector do not constitute the elements of a comprehensive and strategic economic strategy aimed at curing the ills of the Moroccan economy. Much of the growth achieved in the 2000s, compared to the 1990s, is the result of positive dynamics in the international economic environment and of a conjunctural situation, rather than the product of a national strategy aimed at rendering the country’s economic performance truly sustainable.<sup>21</sup> What is lacking are institutional rules and incentives, e.g. the conditionality of the EU in fostering institutional reforms in the framework of the ENP Action Plan, to devise a sound and comprehensive economic strategy. This problem of the lack of institutional quality ultimately boils down to the shortcomings of the political system, an aspect that will be addressed in the next section of the paper.

There are several obstacles to good governance and institutional quality. First, the party and electoral systems favour highly heterogeneous coalitions and scarce coherence in visions and actions. This aspect will be addressed in greater detail below. Second, rampant corruption compounded by the nature of the investment and privatisation processes favouring domestic private actors that are close to the monarchy have led to policies geared to benefit a limited part of the population. Transparency International’s (TI) 2009 *Corruption Perceptions Index* measures perceived levels of public sector corruption in a given country. Morocco scores 3.3 on

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<sup>19</sup> Author’s interview with a professor from the University Hassan II - Rabat, 18 October 2010.

<sup>20</sup> Other projects mentioned during the interviews are the TGV project connecting the coastal cities of Tangier and Casablanca, due to be implemented by December 2015 and the tube project in Rabat-Salé. The former project has a cost of DH 30 billion and the fact that the parliament has not been consulted ahead of its implementation illustrates the scarce power and representativeness of this institution. Author’s interview with a professor at the University Hassan II - Rabat, 18 October 2010.

<sup>21</sup> A thorough analysis of this aspect is presented in *Le Maroc a-t-il une stratégie de développement économique?*, Rapport rédigé par le Cercle d’Analyse Economique de la Fondation Abderrahim Bouabid, June 2010.

a scale from 0 (highly corrupt) to 10 (low levels of corruption),<sup>22</sup> in view of its opaque rules, weak institutions, and weakly implemented anti-corruption laws.<sup>23</sup> According to some observers, corruption is endemic in Morocco and has deteriorated over the past ten years.<sup>24</sup> Third, there has been a proliferation of public or semi-public non-governmental organisations monitoring governmental decision-making (see further the example of the *Initiative Nationale du Développement Humain* - INDH). The existence of these bodies, substituting or accompanying governmental action on many fronts, is ultimately a means a cooptation and a disincentive to deeper political liberalisation. Finally, formal political institutions, such as the government and parliament, exercise only limited control over the administration, public companies and the special agencies mentioned above. The king controls these structures and processes and acts through ‘plans’ or ‘stratégies’, circumventing the role of other political institutions. It is no surprise that: “un ministre de l’Habitat peut se retrouver à promouvoir le secteur de l’immobilier, au même moment où son collègue de l’Industrie essaie de promouvoir une industrialisation, et c’est ainsi que le ministre des Transports peut lancer la construction d’autoroutes qui resteront désertes pendant de longues années ou décider de projets pharaoniques, tels que le TGV, sans rencontrer d’opposition. C’est également ainsi que le Fonds Hassan II peut financer des projets sans aucune évaluation préalable sérieuse, y compris au bénéfice d’acteurs purement privés (Legler, Renault) sans aucune objection.”<sup>25</sup> These are among the most significant shortcomings of governance in Morocco. Overall, the lack of a truly democratic political framework is the major obstacle impinging on the prospects of state sustainable development. As a result, “given the heavy demands made upon the state for services, particularly housing, health and education by Morocco’s predominantly youthful and economically unproductive population, economic growth rates have not generated the endogenous economic development required” (Joffé, 2009: 158).

All in all, evidence shows that Morocco so far has not been able to capitalise on its economic opening due to major persisting shortcomings in its governance structures and also its incapacity to transfer the benefits of economic liberalisation to all segments of the population. This is exactly where the quality of institutions comes in to play. Economic reforms have attempted to tackle structural imbalances in the socio-economic development of the country, but they have largely failed to generate better prospects for sustainable development due to the lack of accompanying (or preceding) institutional reforms. In other words, the recent experience of Morocco testifies to the extent to which economic reforms alone are not sufficient to ensure inclusive sustainable development and the lack of parallel improvements in political conditions and the rule of law can dramatically hinder the prospects of success of these measures. To put it differently, socio-economic reforms are more than ever at risk of unravelling due to the lack of serious political reforms. The next section will discuss why this has been the case in Morocco, arguing that the country’s economic policies appear to have been driven more by the imperative of ensuring dynastic continuity and regime stability than preparing the ground for sustainable development.

In terms of outcomes of the current situation, the role played by unemployed graduates, scarce education opportunities and even scarcer employment prospects in spurring the Tunisian revolt could trigger protests in Morocco too. The perception of a growing number of people is that most of the consequences of these reform programmes have been negative insofar as poverty has not declined and public services have been commodified and privatised (Joffé 2009: 161).

<sup>22</sup> On the same scale, Tunisia scored 4.2 and Egypt 2.8. See Transparency International (2009, pp. 48-49).

<sup>23</sup> Author’s interview with a representative of Transparency Maroc, 17 October 2010.

<sup>24</sup> Author’s interview with a representative of Transparency Maroc, 17 October 2010.

<sup>25</sup> *Le Maroc a-t-il une stratégie de développement économique?*, op. cit., p. 66.

The exacerbation of social problems will most likely represent a cause of further mobilisation by the Moroccan population, with possible destabilising effects if protests create a platform that combines the expression of social grievances with the demand for greater accountability and political reform. This protest could even acquire religious overtones, given that a plurality of actors in Morocco are unable to channel their demands in the political arena but can be active at the societal level, where religious movements are often prominent.

### 3. State-society relations and the challenge of political participation

The Moroccan monarchy seems aware of the social and economic problems in the country. Furthermore, there is growing evidence that the king has understood that he cannot continue to effectively tackle these issues and retain legitimacy in the eyes of the public by turning a blind eye to the political domain. The previous section has shown that the Moroccan regime is unlikely to be able to tackle its social and economic ills and set the country on the path towards sound economic development without engaging in institutional reforms. In this section we will discuss the deeper roots of Morocco's poor institutional quality by digging under the surface of the country's well-advertised image as a modernising and open political entity.

The turn of the century brought with it a wave of fresh air to the Moroccan political landscape. With the rise to the throne of the young King Mohammed VI in 1999, the country embarked on a series of reforms aimed at portraying Morocco as a liberalising country in all domains. These included the establishment of an Equity and Reconciliation Commission in 2003 and a thorough revision of the family code (*Moudawana*) in 2004.<sup>26</sup> Mohammed VI built on and accelerated the early signs of reform introduced in the last years of His Majesty Hassan II's rule. These included the partial opening of the political space to opposition parties through the so-called 'alternance', a movement first introduced in the November 1997 elections, which brought to power a governing coalition led by the socialist Prime Minister Youssoufi. This movement created a seemingly liberalised political system, in which the king was the arbiter, without directly governing the country. Later however, as we shall see, the king was to become not only the arbiter but also the ruler, against the backdrop of political fragmentation amongst the numerous political parties and their growing loss of credibility vis-à-vis the public.

Another important moment in the political development of the country came with the 2007 elections. These elections, which were praised by international and domestic observers as "the most transparent in Moroccan history" (Kausch, 2008: 83), did not produce dramatic changes in the structures and processes of the state. The *Makhzen* – the family-based, neo-patrimonial and personalistic circle of power revolving around the king – secured its power and managed to expand it further through its patronage networks, weaving into its net also political forces such as the Islamist Justice and Development Party (PJD).<sup>27</sup> Indeed, the Palace's selective cooptation of this moderate and non-violent Islamist party was welcomed by the EU as a positive example of an Islamist party's integration into the political process. It has also been viewed internally as

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<sup>26</sup> The 2004 reform was preceded by another important change introduced with the Electoral Law, voted in 2002, that granted a 10% share to Moroccan women in the Assembly of Representatives (*majlis an-nuwab*). This reform was the first step towards consolidating the 'alliance' between the Monarchy and feminist movements. Previous attempts at creating incentives for women's political participation, such as the 1999-2000 mobilisation for the launch of a *Plan d'Action pour la Participation de la Femme au Développement*, did not achieve positive results owing to popular resistance by Islamists and the most conservative forces within the government (Sater, 2007).

<sup>27</sup> This Islamist party has been aptly described by one observer as "the king's opposition" as opposed to "the opposition to the king". Author's interviews with the researchers of the Centre Marocain en Sciences Sociales (CM2S) – University of Casablanca, 15 October 2010.

an effective strategy to separate the PJD from other revolutionary and potentially destabilising forces, such as the Justice and Charity Movement, regarded by some as the only veritable opposition in the country (Kausch, 2009: 168).

The peculiarity of the Moroccan political system is that it is highly centralised in the hands of the monarch. His temporal role in politics is an extension of his spiritual power and sacredness that are constitutionally recognised by Art. 19 of the Constitution spelling out the principle of *Imarah-t-al-mu'minin* (the commandery of the faithful). Muhammad VI has consolidated a system of power in which he is the absolute ruler and the source of all authority, despite the existence of a government and parliament. Furthermore, the monopoly over religion and the active control of all economic and social activities sets the monarchy above all other political actors and elevates the king to the status of an absolute arbiter immune to any societal reproach (Daadaoui, 2010: 203).

The popularity of the king is strongly tied to his visibility in the public sphere through the control of communication outlets and his participation in public events such as inaugurations and fairs.<sup>28</sup> The king constantly tries to bolster his legitimacy and gain popularity, both domestically and externally, by portraying himself as the champion of social and economic development, the symbol of entrepreneurship and capitalism in a country marked by clientelism and neo-patrimonial practices.<sup>29</sup> One example of this engagement is the *Initiative Nationale du Développement Humain* (INDH). This initiative, launched in 2005 with a DH 5 billion budget over five years, was aimed at encouraging human and social development in the poorest areas and among disenfranchised segments through local initiatives and microcredit projects administered by civil society organizations. While it has been praised by many international organizations as evidence of the king's active awareness of the underdevelopment problems of the country, it has been criticised by independent Moroccan civil society groups, which have viewed it as a means for the monarchy to exercise control and co-opt NGOs, inducing the latter to carry out the social functions entrusted to the state.<sup>30</sup> This initiative has also created an artificial and non-independent civil society sphere that tends to receive significant funds and media coverage, both domestically and externally. Furthermore, some view the activities of the INDH as combining elements of modern public social policy with mere elements of charity.<sup>31</sup> Next to this, the monarchy is the motor of the Moroccan economy, controlling the largest investments and businesses. This has hindered the development of an independent and dynamic private sector. All in all, these social and economic initiatives of the monarchy contribute to reducing public attention over the lack of a genuine separation of powers and democracy.

Beyond the king, the seemingly pluralistic Moroccan political system is characterized by a huge number of political parties,<sup>32</sup> which do not perform their governing and opposition functions and lack strong popular bases. This is linked to the fact that most parties are discredited due to their inability to actively participate in the political debate and to steer concrete public action. On the contrary, they tend to accommodate the will of the king and to play a residual role in pursuing policies. The fragmentation of the party system is partly the result of the process of top-down political liberalisation, involving a number of participatory mechanisms for compliant elites

<sup>28</sup> Author's interviews with a researcher from IMRI, 13 October 2010.

<sup>29</sup> In this light the king is often perceived as "the king of the poor".

<sup>30</sup> Author's interview with a human rights activist from the Association Marocaine des Droits de l'Homme (AMDH), 19 October 2010.

<sup>31</sup> Author's interview with a professor from the University Hassan II - Rabat, 18 October 2010.

<sup>32</sup> The 2007 elections witnessed 36 parties contesting the 325 seats of the House of Representatives. Today, the legislature is comprised of some 25 parties of which five are part of the coalition government (Daadaoui, 2010: 196).

going hand in hand with repressive policies towards potentially destabilising and autonomous actors, e.g. the Islamists, and partly the outcome of the decline of traditional nationalist and leftist parties, which have been replaced by new parties. One of them, the Authenticity and Modernity Party (PAM) was created by the former classmate and close confidant of the king, Fouad Ali Al-Himma, ahead of the 2009 local elections.<sup>33</sup> This party has aptly positioned itself as an ‘anti-party-establishment party’ (Boussaid, 2009: 416), heeding the wishes of ordinary citizens mainly from impoverished and traditional countryside areas, keeping its distance from the government but at the same time cultivating strong ties with the palace that resorts to the PAM with a view to further manipulating the party system. The fact that this party has chosen not to develop a coherent political programme reflects the overall crisis of ideologies and the increase in informal and communitarian – i.e. tribal, ethnic and religious – affiliations, not only in Morocco, but across the Arab world.

Turning to other political actors, within the camp of political Islam, the major divide in Morocco runs between the Justice and Development Party (PJD), which has accepted to play the monarchy’s game and be co-opted into the formal political system,<sup>34</sup> and the Justice and Charity Movement mentioned above, which purposefully refuses to participate in politics. The latter advocates reforms in Morocco starting from the overhaul of the political establishment centred around the king. It also claims that its role is to cultivate the Moroccan citizen of tomorrow through education and gender equality. Its appeal derives from its active attempt to address the grievances of the most downtrodden strata of society. It is extremely difficult to assess the power of this movement, since it is highly scattered across the country.<sup>35</sup> However, its political significance becomes apparent when it joins other groups in protests and marches, thus contributing to mobilise society outside traditional political channels (parties, trade unions, etc). Furthermore, the Movement cooperates actively with some international human rights associations, such as Amnesty International, and have successfully mastered the rhetoric on democracy and human rights. The Movement has been directly attacked by the regime. For example, women’s gatherings have been targeted by security forces and participants have been imprisoned as a show of force of the regime and attempt to discredit the Movement.<sup>36</sup> While not causing a societal retreat of the Movement, its activities have recently enjoyed less visibility, as has been the case for Islamist actors elsewhere in the region.

From this discussion it is clear that the Moroccan regime has been able to craft and consolidate a political system that is pluralistic and open enough to ensure its short-term stability and to deflect Western criticism. This could however cease to be the case in the aftermath of the events in Tunisia, Egypt, Yemen, Bahrain and, more recently Syria, although the EU has not yet demonstrated how it intends to react to the changes taking place in the region (Tocci & Cassarino, 2011). All in all, it is apparent that the Moroccan narrative and practice have contributed to foster the vibrant relationship between the North African country and the EU in the framework of the EU-Moroccan Association Agreement, signed in 1996 (and entered into force in 2000) in the framework of the Euro-Mediterranean Partnership, beefed up by the

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<sup>33</sup> Following the creation of this party, between 60% and 70% of members of parliament expressed their willingness to enter the new party. This is a perfect example of political ‘transhumance’ in Morocco. Author’s interview with a Moroccan researcher, 19 October 2010.

<sup>34</sup> The most decisive event shaping the PJD’s trajectory in 2002-07 was the terrorist attacks of 16 May 2003 in Casablanca as sometimes claimed. These attacks strengthened the PJD’s inclination for moderation and compromise that had started in the mid-1990s and led to its partial *débâcle* in the 2007 elections (Wegner & Pellicier, 2009). For a discussion of the interplay between electoral dynamics and EU foreign policy in Morocco, see Colombo & Voltolini (2011, forthcoming).

<sup>35</sup> Author’s interview with a member of the Justice and Charity movement, 14 October 2010.

<sup>36</sup> Author’s interview with a member of the Justice and Charity movement, 17 October 2010.

European Neighbourhood Policy (ENP) since 2004. Since then, Morocco has been regarded as a privileged EU partner in the Maghreb. Morocco is today the largest recipient of EU aid in the Mediterranean, with €654 million earmarked for the period 2007-10 (Kausch, 2009: 166). In terms of trade and aid, the EU has developed significant relations with Morocco, supporting its liberalisation and privatisation policies. However, this has taken place at the expense of providing conditional economic incentives to induce Moroccan political reforms. As far as the EU member states are concerned, two states in particular have cultivated particularly strong ties with Morocco, namely France and Spain. The former appears to be involved in a number of the investment projects mentioned above,<sup>37</sup> while the latter is constantly involved in a bilateral dispute with Morocco regarding the sovereignty of Ceuta and Melilla.

The main assumption behind the EU approach towards Morocco is that socialisation via gradual reform is the optimal strategy for Morocco in order to avoid domestic shocks, such as the rise to power of Islamists, that could generate instability, jeopardising EU interests. As discussed elsewhere (Colombo, 2010), most of these interests are framed in terms of security and economic gains. As such, the EU has largely contented itself with praising the piecemeal and window-dressing political measures of the Palace, instead of pushing for a coherent democratisation strategy. So much so that in 2008 the EU granted Morocco the title of Advanced Status. The most innovative aspect of this status included a “political and strategic dialogue” (Martín, 2009). The extent to which Morocco has concretely benefited politically and economically from the Advanced Status is questionable due to the fact that the Joint Document did not introduce substantial concessions in the fields of strategic interest for Morocco, such as agricultural trade liberalisation, human mobility or financial assistance until 2014. Nonetheless, the Advanced Status has provided the Moroccan monarchy with increased (symbolic) leverage domestically and regionally, being the first southern Mediterranean country to enjoy such status.

Against this backdrop, while ahead of other countries in the region, Morocco is not quite the exemplary democratic reform model it is often portrayed to be, at least not in terms of democratic reforms. Political liberalisation and efficient power sharing are impeded by the fact that public responsibility beyond the king is not clearly defined and allocated. The weakness of political parties has already been discussed. Not only are parties discredited due to their inability to perform their role in parliament. They have also been manipulated by the monarchy, which has skilfully arranged multi-party and semi-pluralistic elections without however diminishing the monarchy’s own centralisation of powers. It is possible to imagine a future scenario in which sluggish economic reforms combined with growing citizens’ distrust in the political process result in growing political apathy or political unrest. The former is already evident and represents one of the most visible symptoms of the crisis of political legitimacy in Morocco. For example, in the latest parliamentary elections, held in 2007, voter turnout was among the lowest in Moroccan history. Only 37% of the citizens cast votes, of which 19% were blank ballots. According to other statistics, real participation was as low as 24% (Kausch, 2008: 84). In some districts, particularly in well-off ones with higher levels of education, the participation rate was as low as 20% (Wegner & Pellicer, 2008: 28).

As argued by Kausch (2008: 82), all political actors in Morocco face the same dilemma: “the less they adapt to the line of the Palace, the less they are likely to be involved in political decision making. But the more they adapt to the line of the *Makhzen*, the greater is the likelihood of grave internal divisions, and a loss of credibility in the eyes of their constituencies.” It is now clear why the Justice and Charity Movement, while not recognised as a political party, keeps itself at a certain distance from the formal political camp, careful not to run the risk of being discredited. In other words, “maintaining a distance from formal

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<sup>37</sup> Author’s interview with a professor from the University Hassan II – Rabat, 18 October 2010.

politics has now become an alternative form of politics in itself” (Spencer, 2009:7). As some have pointed out, “high fragmentation, together with the disaffection of Moroccan society towards political parties, has called into question the legitimacy of the political system” (Szmolka, 2010: 14). These trends point towards a crack in the sustainability of the Moroccan state structure, a crack that is unlikely to be sealed by successful economic modernisation policies alone.

In order to resolve this dilemma, two fundamental areas would have to be tackled: the reform of the judiciary and the granting of true freedom of expression. Despite the provisions of the Constitution (Arts 82-87), voted in a referendum in 1996, the judiciary in Morocco can hardly be viewed as an independent power due to the strict control exercised over it by the executive, and in particular the Ministry of Justice and the king. Moroccan judges are state officials, nominated and controlled by the regime; other problems are the executive interference in judicial matters, the non-adaptation of national legislation to international conventions and the lack of prosecutors’ independence from the Minister of Justice.<sup>38</sup> The result is that the exercise of justice is often arbitrary and subject to the logic of political power. More broadly, governance in Morocco suffers from multiple ills: the rules of the game are unclear and keep shifting, causing insecurity at the physical and psychological levels.

Finally, violations in the freedom of expression have been on the rise in Morocco, testifying to the deterioration of relations between the regime and the public. While the political class in Morocco has been unable to channel public demands so far, at the societal level, there are a plurality of actors that are quite active in advancing their proposals and in manifesting discontent. One the channels through which these voices are heard is the media. Thanks to the explosion in the use of the modern technologies of communication and the growth of printed media outlets, freedom of expression in Morocco has seemingly improved. However, while the regime now tolerates different opinions being voiced through the social media, there are a number of red lines that cannot be crossed, most notably the undisputed supremacy of the king and the integrity of the territory.<sup>39</sup> The result is that the press is controlled and censored through highly sophisticated means. In particular, the regime tends to resort to private intermediaries (advertisement companies and distribution channels) to promote or to silence newspapers and other publications. This has been the case of two prominent and independent newspapers: *Le Journal Hebdomadaire*, shut down in January 2010 due to its accumulated debts, and *Nichane*,<sup>40</sup> the best selling weekly publication in October 2010, shut down due to an economic boycott. Both newspapers had started to play an increasingly prominent political role, often expressing critical views regarding the monarchy.

Summarising, we can argue that if institutional quality is a pre-requisite for successful and sustainable socio-economic performance, this cannot be achieved unless major reforms in the political system are carried out. The acute centralisation of Moroccan politics and decision-making in the hands of the king, the lack of accountability of the monarchic institutions, as well as the fragility of representative bodies, such as parties and trade unions, that should be responsible for channelling a plurality of interests into decision-making, are the main obstacles to good governance and an improved institutional quality in Morocco. Strictly defined political reform is thus the keystone for sustainable development in Morocco.

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<sup>38</sup> Author’s interview with the researchers of the CM2S – University of Casablanca, 15 October 2010 and Transparency International (2009, p. 23).

<sup>39</sup> The latter refers to the hoary issue of the Western Sahara conflict, pitting Morocco against the Polisario Front supported by Algeria, and the ensuing *Plan d’Autonomie* proposed by the kingdom as part of a broader regionalisation policy. See Mundy (2006) and Joffé (2010).

<sup>40</sup> The latter is the Arabic version of TelQuel (<http://www.telquel-online.com/>).

#### 4. Possible scenarios for the future

Morocco is a compelling case of apparent state stability based on a unsustainable bedrock. The picture of the country's development is mixed. Although the country seems to have embarked on significant economic reforms to cope with structural imbalances, the quality of institutions and governance has lagged behind, thus arguably contributing to the partial success of these reforms at best (Cherkaoui & Ben Ali, 2007). Also in terms of public perceptions and expectations, the situation is ambivalent. On the one hand, positive views stress the fact that a number of improvements and investments have been made in recent years, including the revision of the family code and the launch of capital-intensive projects, mainly encouraged and sponsored by external actors such as the EU. On the other hand, others point to the fact that the regime has become the obstacle to the state's sustainable development. While in the early 2000s, it was possible to envisage a political opening, as the new king spoke openly about democracy and the rule of law, since 2008, the situation has regressed, as exemplified by recent blows to the freedom of expression. According to some, the king alone cannot be blamed for these setbacks, which also derive from those some more traditional segments of the society that are against increasing the pace and width of reforms.<sup>41</sup> A case in point is the partial failure of the *Moudawana*, especially in rural areas, where the rate of young women being forced to get married is still very high. At the national level, polygamy has not been repealed yet and women do not have the right to marry non-Muslim men. At the same time, there is a subtle policy of encouraging women to have children, in view of the silent demographic competition between Algeria and Morocco, against the backdrop of the unsolved Western Sahara conflict.

There is growing awareness, both at the political and social levels, of the fundamental link between sustainable and inclusive development and stability. However, the vision of modernisation espoused by the monarchy based on major investment projects may not be sufficient to ensure sustainability and stability in future decades. Going back to the discussion of institutional quality, it is important to underscore that, as demonstrated by Balioune-Luz & Addison (2007), the impact of institutions on reforms is not necessarily linear. While in the past two-to-three decades, the quality of institutions, as well as institutional relations between socio-economic and political actors did not hinder the implementation of reforms leading to sustainable development, at present and in the decades ahead, it is possible to anticipate increasing problems due to weaknesses in representation and coordination between policy-makers and the citizens.

The greatest challenge for King Muhammad VI is to introduce veritable changes in the distribution and management of power, as well as to pursue promptly the reform justice and of the education system. The *bon usage du néo-authoritarisme* model, which seems to have worked so far in projecting domestic stability and a positive image of the country abroad, is likely to come under increasing pressure in the years ahead. Alongside other structural imbalances in the country (i.e. unemployment, the underperformance of the education sector and widespread poverty), the almost absolute dependency of the Moroccan economy on European markets and their fluctuations is also a cause for concern. The crisis in Europe has exposed Morocco to rising food prices<sup>42</sup> and diminishing salaries, which have compounded an already critical situation regarding employment and poverty.

GDP growth over the last few years and future projections will not suffice to redress the economic situation and to generate employment and development. Statistics speak of the need

<sup>41</sup> From which derives the king's acknowledgement: "J'avance à la vitesse des marocains." Author's interview with a journalist from *Tel Quel*, 15 October 2010.

<sup>42</sup> Morocco has been highly exposed to the global explosion of food and energy costs in recent years, as the out break of riots in Sefrou in 2008 made clear. See Joffé (2009: 161).

to attain at least 7% GDP growth over a prolonged period of time.<sup>43</sup> Moreover, events in Tunisia, Egypt, Yemen and Libya have contributed to spark manifestations of discontent in Morocco too against inequalities, unemployment, lack of education prospects, and the discrediting of the political system. The short-term future is likely to confront Morocco with a clear-cut alternative: either the regime rapidly and seriously engages in governance and institutional reforms, or it runs the risk of popular mobilisations and outbreaks of disaffection. Decisions taken now could spare Morocco a period of instability, while also assuring continuity in the framework of the transition of power that started in 1999.

In this light, while a crisis could be beneficial to precipitate change, in Morocco this does not need to reach the tipping-point of no return that we have witnessed in Tunisia, Egypt or Libya. In reaction to the first protests, calling for substantial political and institutional reforms, the king has delivered a speech on 9 March 2011, as the utmost attempt to quell the discontent by boosting the reform agenda. The most important demand of the newly constituted 'movement of 20 February', that spontaneously mobilised to protest in a number of cities in February and March 2011 is the reform of the Constitution. An ever-rising number of Moroccans want something akin to the constitutional monarchy of Great Britain or Spain, not just in theory but also in practice, whereby the king would remain the figurehead of the country, but not engage directly in politics and policy. The king has promised to speed up the process of regionalisation and decentralisation of decision-making, which represent two fundamental aspects of the constitutional reform advocated by the king himself. Regionalisation should be based on the extension of the powers of all the regions, on the direct election of the regional councils and on the reform of the composition and the prerogatives of the Chamber of the Councillors with a view to making it representative of the interests of the different regions. This regionalisation plan should be part and parcel of a much broader constitutional reform tackling a number of key issues discussed above, i.e., the independence of the judiciary, the principle of the separation of the powers, the strengthening of the parliament, the constitutionalisation of the recommendation of the Equity and Reconciliation Commission, the reform of the law on political parties and the strengthening of the accountability of the elected representatives, including the Prime Minister who should be chosen from among the members of the winning party or coalition. Finally, constitutional amendments, to be proposed in June 2001 and then submitted to a referendum, should place emphasis on the principles of the respect of human rights, the recognition of a plurality of Moroccan identities – including the Amazigh one – and the necessity to extend individual freedoms. The king's speech touched upon very important aspects and strengthened his declaratory commitment to foster change and political reforms, possibly as an antidote to further turmoil and violence. Against this backdrop, however, it is not possible to claim that the monarchy will have an unconditional future since these bold declarations need to be coupled with substantive action, at the same time paying due attention to continuous developments in the region.

All in all, while it is too early to assess the current phase of transition in the country and elsewhere, it is clear that Morocco faces a window of opportunity to accelerate reforms, such as tackling corruption, curbing unemployment and overhauling the judiciary. This is a window of opportunity that the king may seize, capitalising on existing positive elements, principally a vibrant society and the largely benevolent attitude of Western actors, and instilling renewed credibility in the political system. Furthermore, Morocco has a number of security valves that distinguish it from other countries in the region. First, there is little appetite for instability in the country. This is likely to be even truer in the aftermath of the violence in Libya. Moderate Islamists have themselves dismissed the use of violence as a way to achieve their objectives. Second, the EU could play a role in sponsoring veritable political reform in Morocco, although

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<sup>43</sup> See *Le Maroc a-t-il une stratégie de développement économique?*, op. cit.

so far EU foreign policy has contented itself with the promotion of stability without actively encouraging political reform in Morocco (or elsewhere). After years in which grassroots activism was divorced from political action, Moroccans have now realised there is an opportunity to make their voices heard. Their concrete priorities remain primarily economic in nature. Yet, as in Tunisia and Egypt, Moroccans too are becoming aware that political change is the precondition to achieve sustainable economic development.

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All the interviews were carried out by the author in Morocco between October 13 and 21, 2010.



## About MEDPRO

MEDPRO – Mediterranean Prospects – is a consortium of 17 highly reputed institutions from throughout the Mediterranean funded under the EU's 7<sup>th</sup> Framework Program and coordinated by the Centre for European Policy Studies based in Brussels. At its core, MEDPRO explores the key challenges facing the countries in the Southern Mediterranean region in the coming decades. Towards this end, MEDPRO will undertake a prospective analysis, building on scenarios for regional integration and cooperation with the EU up to 2030 and on various impact assessments. A multi-disciplinary approach is taken to the research, which is organised into seven fields of study: geopolitics and governance; demography, health and ageing; management of environment and natural resources; energy and climate change mitigation; economic integration, trade, investment and sectoral analyses; financial services and capital markets; human capital, social protection, inequality and migration. By carrying out this work, MEDPRO aims to deliver a sound scientific underpinning for future policy decisions at both domestic and EU levels.

### MEDPRO in a nutshell

<b>Title</b>	MEDPRO – Prospective Analysis for the Mediterranean Region
<b>Description</b>	MEDPRO explores the challenges facing the countries in the South Mediterranean region in the coming decades. The project will undertake a comprehensive foresight analysis to provide a sound scientific underpinning for future policy decisions at both domestic and EU levels.
<b>Mediterranean countries covered</b>	Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia and Turkey
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