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*MOROCCO: POLITICAL AND ECONOMIC CHANGES
AND U.S. POLICY*

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Morocco: Political and Economic Changes and U.S. Policy

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Summary

This report describes the unprecedented strides in democratization and economic liberalization occurring in Morocco, where the first opposition-led government took power in February 1998. The government of this long-term U.S. ally is trying to address endemic economic and social problems while adhering to stringent International Monetary Fund economic guidelines. Active Islamist groups capitalize on societal ills and create a troubling context for the government's efforts. They and others are victims of human rights abuses. The overall human rights situation is deficient; yet the opposition's rise to power is an improvement in an important aspect of the record. Morocco's foreign policy is preoccupied with the Western Sahara, but also focuses on North African affairs, the Arab-Israeli peace process, and Europe. Relations between the United States and Morocco have a long history and are very good. The House supports the referendum on self-determination for the Western Sahara, H.Res.245, November 9, 1997. See also, CRS Report 95-855F, *Western Sahara: Background to Referendum*. This report will be updated if changes in Morocco warrant.

Introduction. Morocco is a moderate, Arab regime strategically located at the juncture of the Atlantic Ocean and the Mediterranean Sea. It is ruled by King Hassan II, whose interests in democratization, economic liberalization, Arab-Israeli peace, and multilateral approaches to international crises coincide with many American policy priorities.

Basic Facts

| | |
|--------------------------|-----------------------------|
| Population | 30 million (July 1997 est.) |
| growth rate | 2.02% (July 1997 est.) |
| Gross Domestic Product | \$97.6 billion (1996 est.) |
| growth rate | -2.5% (1997 est.) |
| per capita | \$1,280 (1997 est.) |
| Annual rate of inflation | 2.5% (1997 est.) |
| Unemployment rate | 16% (1997 est.) |
| Exports | \$7.7 billion (1996 est.) |
| Imports | \$9.8 billion (1996 est.) |
| External Debt | \$21 billion (1997 est.) |

Sources: U.S. Department of State, *1997 Country Reports on Economic Policy and Trade Practices* and CIA, *The World Factbook 1997*, both online.

Government and Politics. The Alaoui dynasty, which claims descent from the Prophet Mohammed, has ruled Morocco since the 17th century, although the country was a protectorate of France from 1912 until independence in 1956. King Hassan II, aged 69, has led Morocco for 37 years. His heir apparent is Crown Prince Sidi Mohammed, aged 34, but Interior Minister Driss Basri is widely regarded as the second most powerful man in the realm.

Soon after he ascended to the throne, the King initiated a process of gradual, controlled democratization. A constitution providing for representative government was approved in 1962, but two unsuccessful coup attempts in the 1970s derailed the process for some time. The King's heightened attention to democratization in recent years may result from concern about succession. He is of advancing age and has intermittent health problems. The Crown Prince's fitness to succeed and personal conduct have been questioned. The King's steadfast commitment to political change and a stable political system may partly reflect his appreciation of his son's weaknesses. The Crown Prince goes on selected foreign missions and has been increasingly visible at image-enhancing, charitable events.

A 1992 Constitution created a unicameral legislature with more responsibilities than previous parliaments. Constitutional amendments in 1996 changed the framework to a bicameral parliament. On November 14, 1997, the 325-seat, lower house, Chamber of Deputies, was elected by direct vote. On December 5, labor unions, professional organizations, and local government officials selected the 270-seat upper house, the Chamber of Counsellors, which has the unprecedented power to topple a government by a vote of no confidence and may amend laws. Some older political parties had coalesced over time into three blocs: the opposition *Koutla* (bloc), the King's loyalists of *Wifaq* (consensus), and the *Wasit* or *Centre* independents. The *Koutla's* Socialist Union of Popular Forces (USFP) won the most lower house seats and its leader, Abderrahmane El Youssoufi, was named to be Prime Minister on February 4, 1998. The King had long-desired an opposition government to bring fresh approaches to the country's problems and revitalize the political system. Yet, the coup attempts of the 1970s had made him fear threats to his regime and depend on Interior Minister Basri's sometimes brutal oversight of national security. Therefore, the King would not grant the *Koutla's* demand for Basri's removal, which had been the *Koutla's* condition for participation. When Youssoufi abandoned that demand, he was chosen to the head what emerged as a coalition government of seven parties from the *Koutla* and *Centre*. Basri remains Interior Minister, with control over security matters. Elements of the non-security part of his portfolio have been shifted to the Ministry of Administration. In addition, Youssoufi has rapidly established himself as the King's point of contact with the government, supplanting Basri in that role. Youssoufi has been attempting to reduce Basri's influence in other matters. The few other retained ministers include Abdellatif Filali, a former Prime Minister who is Foreign Minister. *Koutla* controls the economic portfolios and the government program emphasizes economic and social issues, with unemployment and education topping the agenda.

Parties Represented in the Chamber of Deputies

| Party | Bloc | Seats |
|--|---------------|-------|
| Socialist Union of Popular Forces (USFP) | <i>Koutla</i> | 57 |
| Constitutional Union (UC) | <i>Wifaq</i> | 50 |
| National Rally of Independents (RNI) | <i>Centre</i> | 46 |

| | | |
|---|---------------|----|
| Popular Movement (MP) | <i>Wifaq</i> | 40 |
| Democratic and Social Movement (MDS) | <i>Centre</i> | 32 |
| Istiqlal (Independence) | <i>Koutla</i> | 32 |
| Popular National Movement (MNP) | <i>Centre</i> | 19 |
| Party of Progress and Socialism (PPS) | <i>Koutla</i> | 9 |
| Democratic Forces Front (FFD) | no bloc | 9 |
| Popular Constitutional and Democratic Movement (MPCD) | no bloc | 9 |
| Democratic Socialist Party (PSD) | no bloc | 5 |
| Organization of Democratic and Popular Action (OADP) | no bloc | 4 |
| Action Party (PA) | no bloc | 2 |
| Democratic Independence Party (PDI) | no bloc | 1 |

The coalition is unwieldy and politics are dynamic. There is tension between the USFP and Istiqlal, whose bond had been their common opposition to the government — a foundation that was lost when they formed a government. The USFP is a secular party, with socialist inclinations. Istiqlal is a rightist, traditional party, with Arabist/Islamic tendencies, and, more to the point, with ambitions to head a government. *Centre* parties in the coalition, such as RNI, which had governed in the past, reportedly find compromises with their former opponents difficult. The *Centre* is disintegrating, with some members participating in the government and others becoming opposition. Meanwhile, *Wifaq* has been marginalized in the opposition, without a program or leading spokesman. *Wifaq* and *Centre* dominate the upper house, whose power remains untested because the government has not passed much legislation. Governmental changes are occurring on the regional and local levels as well. An innovative decentralization initiative is intended to bridge the wide gap between urban and rural areas. It gives provincial and local assemblies authority and funds to carry out some development projects and address education and health issues.

As in some other Muslim countries, Islamists are a political factor of consequence and concern. The regime has dealt with them with a combination of tolerance and repression. In June 1997, an unrecognized group, *Al Isla wa al Tajdid* (Reform and Renewal), merged with an inactive, legal political party, the Popular Constitutional and Democratic Movement (MPCD). *Al Isla's* leader, Abdelilah Benkiarane, became the MPCD leader. Benkiarane declared the party's principles to be "Islam, the constitutional monarchy, and non-violence," and vowed to work within the established governmental framework.¹ MPCD won 9 seats in parliament and supports the government's program. It is organizing the grass roots, but with limited financial resources. The more radical *Al Adl wa al Ihsane* (Justice and Charity) is banned and its leader, the politically uncompromising Shaykh Abdessalam Yassine, has been under house arrest for nine years. Yassine followers are active on university campuses and in urban slums. Student members have been arrested in connection with university disturbances. Islamists' inroads are attributed to their willingness to deal with economic and social ills -- an opening left by ineffective prior governments, authoritarian non-Islamist parties lacking grass roots programs and appeal, and the Interior Ministry, which has viewed Islamist demands as a security threat not a social/economic issue.

Human Rights². The human rights situation in Morocco has improved somewhat in recent years, but the record remains poor. The 1997 parliamentary elections were

¹ *Africa Research Bulletin*, June 1-30, 1996, p. 12301.

² Based on U.S. Department of State, *Morocco Country Report on Human Rights Practices for 1997*, January 30, 1998, online, and Amnesty International, *Annual Report 1998*, online.

flawed by attempts of both the government and the political parties to influence the results through vote-buying and pressure tactics. The opposition, which made some of these accusations, nonetheless took seats in parliament and power for the first time. This change in government has marked progress in the exercise of some essential human rights.

The U.S. State Department considers the Ministry of Interior responsible for most human rights violations. Security forces perpetrate serious human rights abuses, torturing detainees and ignoring due process. Abuses are rarely investigated thoroughly. Amnesty International documents over 50 political prisoners and prisoners of conscience and many disappearances. Islamists and Sahraouis, who seek self-determination for the Western Sahara region claimed by Morocco, are often victims. The government questions Amnesty International's numbers and its sources of information on the Sahraouis. The judiciary is subject to corruption and Interior Ministry influence and not independent. Freedoms of speech, the press, assembly, and movement are sometimes limited.

Economy³. The mixed Moroccan economy is based on agriculture, fishing, manufacturing (textiles, clothing, metal-working), mining of the world's largest phosphate reserves, tourism, and remittances from Moroccans working abroad. Because of the leading role of agriculture, which still employs 50% of the people and accounts for up to 20% of the Gross Domestic Product (GDP), the economy is particularly sensitive to climatic changes. In 1996, a good year climatically, GDP rose 12%. In 1997, erratic rains caused a 25% drop in agricultural production and an estimated 2.5% decline in GDP. The outlook for 1998 is good.

Morocco faces many challenges. It is a young country, with 38% of the population below age 14. Some 46% of the people are illiterate. The official unemployment rate is over 16%; but it is more than double that among the young. The World Bank estimates that 40% of the population live below the poverty level. The government will be constrained by International Monetary Fund (IMF) guidelines as it attempts to address these problems. Since the early 1980s, Morocco has followed an economic program backed by the IMF, World Bank, and Paris Club of international creditors. Reforms include restraints on spending, tax and banking reforms, trade and foreign exchange liberalization, privatization, and an anti-corruption drive. The results have been uneven. For instance, a 6-year privatization program launched in 1992 targeted 114 businesses for sale, but only 52 have been privatized. When the government, as anticipated, attempts to privatize state-owned companies with large royal shareholders, it may face one of its greatest challenges.

The illegal drug trade helps many poor, small farmers to survive. Morocco is a major producer of cannabis and exporter of hashish to Europe. It also is a transit point for cocaine shipments from South America to Western Europe. The government has stepped up its war on drugs, but enforcement is erratic due to budget constraints and corruption.⁴

³ Information mostly derived from the U.S. State Department, *1997 Country Report on Economic Policy and Trade Practices* and CIA, *The World Factbook 1997*.

⁴ U.S. State Department, *International Narcotics Control Strategy Report (1997)*.
(continued...)

Foreign Affairs. Morocco's foreign policy generally follows a pro-Western course, although the King is actively involved in Arab and African affairs as well.

*Western Sahara.*⁵ The Western Sahara is Morocco's national cause and the one issue on which all Moroccans agree. Since 1976, Morocco has claimed the Western Sahara, a region to its south that had been a Spanish colony. Morocco waged a protracted war against the Popular Front for the Liberation of Saqiat al Hamra and Rio de Oro (POLISARIO), which seeks independence for the region, and has physical control of about 80% of the territory with 80,000 troops. In 1991, the U.N. arranged a cease-fire and attained the parties' agreement to participate in a referendum to resolve the dispute. In June 1997, the U.N. Secretary-General named former U.S. Secretary of State James Baker to be his personal envoy to jump-start the process. Despite Baker's effort, enduring disagreements between the parties over voter registration have continued to delay a vote. It is unlikely that any Moroccan government would survive the loss of the Sahara or even a major compromise on the issue.

North Africa. Morocco is a member of the moribund Arab Maghreb Union, with Libya, Tunisia, Algeria, and Mauritania, and has good relations with all except Algeria. Border disputes, the Western Sahara conflict, and spillover effects of the war between Algeria's military regime and Islamist guerrillas impede Morocco's relations with Algeria. Algeria backs the POLISARIO, which has refugee camps in southwest Algeria. Prime Minister Youssoufi wants to end the freeze in Morocco's dealings with Algeria and reopen borders. Morocco adheres to the U.N. sanctions on Libya, but has good trade ties with it, notably a large barter agreement which enables Morocco to purchase Libyan oil.

Arab-Israeli Affairs. King Hassan II is very interested in Arab-Israeli peace and Morocco has been the venue for many Arab-Israeli meetings. Some 10% of Israel's population is of Moroccan-Jewish origin. After the 1993 Israeli-Palestinian Declaration of Principles, Morocco began to normalize relations with Israel, starting with trade and tourism. In September 1994, the two governments agreed to open diplomatic liaison offices. The King said that full diplomatic relations would come only with a comprehensive peace. The first Middle East/North Africa Economic Summit to forge an economic base for regional peace was held in Casablanca in October 1994. However, the King increasingly has become frustrated with the peace process stalemate and developments in Jerusalem. He chairs the Organization of the Islamic Conference Jerusalem Committee and has criticized Israel's construction in Jerusalem, accusing it of trying to change the city at the expense of other religions.⁶ The King's adviser, Andre Azoulay, disclosed that the King had decided to keep his distance from the Israeli government, pending progress in the peace process.⁷

⁴(...continued)

Shipments to the United States are not significant.

⁵ See also, CRS Report 95-844, *Western Sahara: Background to Referendum*, July 27, 1995, by Carol Migdalovitz.

⁶ Reuters, June 4, 1998.

⁷ Agence France Press, October 22, 1997, online.

Europe. Relations with Europe are important to Rabat. In 1995, Morocco signed a new association agreement with the European Union (EU). EU countries are Morocco's major trading partners, accounting for 70% of its trade. Morocco's closest European connections are with France and Spain. France is Morocco's largest investor and trading partner, and over 700,000 Moroccans live in France. France formally supports the U.N. mission in the Western Sahara, but is viewed by Morocco and the POLISARIO as favoring Morocco's claims. Spain appears to be more neutral regarding the outcome of a referendum. Sometimes, relations between Madrid and Rabat are disturbed by Morocco's campaign for sovereignty over two Spanish enclaves in Morocco, Ceuta and Melilla. Other difficulties in bilateral relations between Morocco and European governments derive from drug smuggling, illegal immigration, and Morocco's attempts to restrict fishing in its territorial waters.

Multilateral. Morocco has participated in international military efforts to address crises. It was the first Arab state to condemn Iraq's invasion of Kuwait in 1990, and sent troops to help defend Saudi Arabia. Morocco has supported U.N. sanctions against Iraq, but provided humanitarian assistance to the Iraqi people. It contributed troops to the U.N. peacekeeping force in Somalia and to the NATO-led implementation force (IFOR) in Bosnia.

U.S. Policy. Moroccan-American relations are good. Morocco recognized the United States in 1777. The two nations' 1787 Treaty of Peace and Friendship marks the beginning of the longest unbroken treaty relationship in U.S. history. The United States and Morocco share interests in peace and stability. Morocco provided troops that assisted in implementing U.S.-supported policies in the Persian Gulf, Somalia, and Bosnia. The economic summit in Casablanca exemplified Morocco's usually positive responses to U.S. appeals to help further the Arab-Israeli peace process. The Voice of America's largest transmitter is in Morocco, and the Peace Corps has been active there for more than 30 years. A more recent development is the United States' emergence as the second largest investor in Morocco, after France.

The United States encourages democratization and efforts to improve human rights practices in Morocco. The International Republican Institute and the National Democratic Institute run programs in the country to strengthen parliamentary institutions and democratic political parties. The United States officially supports the U.N. approach to resolve the Western Sahara issue and the exercise of the right of self-determination through a referendum, but is perceived to favor Morocco because it is a U.S. friend and because some diplomats unofficially believe that U.S. interests would not be served by an outcome that could destabilize Morocco. Congress expressed support for the referendum on self-determination for the Western Sahara and former Secretary of State Baker's mission in H.Res. 245, November 9, 1997.

U.S. aid to Morocco has been decreasing slowly and steadily. For FY1998, the United States obligated \$13.5 million in development aid, \$2.2 million for the Peace Corps, and \$900,000 for the International Military Education and Training (IMET) program. For FY1999, the Administration proposed to provide Morocco with \$11.8 million in development aid, \$2.3 million for the Peace Corps, and \$900,000 for IMET.