



## Morocco's Political Economy

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## 8. Morocco's political economy: Ambiguous privatization and the emerging social question

*Myriam Catusse*

### 8.1 Introduction

Morocco is in tune with the international neo-liberal agenda. The politico-economic trajectories of the Kingdom, while they do not arouse analyses as trenchant as in Tunisia,<sup>1</sup> which is presented alternately as a model pupil of the development therapists and as a counter-example of the democratic virtues of the “Washington Consensus”,<sup>2</sup> are in many respects remarkable. The different reform measures in the arena of economic policy which have been put in place for more than 20 years lay claim to the dogmas of neo-liberal development. Resonance chamber, sometime laboratory, of this “modern religion”,<sup>3</sup> Moroccan society lives its hopes and its disappointments.

In these terms, the Morocco of structural adjustment, of privatisations and of economic liberalisation presents an interesting post from which to observe the reconstitutions of the powers of the state over economic regulation in the context of globalisation. The nature and resources of public power are put to the test of the opening of economic borders and the normalisation of markets at international level. In terms of political economy, alongside its historical and institutional specificities, Morocco can be considered in many respects to be a “paradigmatic” case within the Middle East and North Africa (MENA) region: the Kingdom is exemplary with regard to the modalities, the breath and the effects of the economic reforms in which it has been engaged since the beginning of the 1980s. It sometimes plays the role of laboratory of the exercise of new instruments of economic policy.

This chapter examines the logics of regulation which have developed since the abandoning of the “state-developmental” model and of Fordism,<sup>4</sup> and also in the face of the weaknesses of the “neo-liberal”

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<sup>1</sup> Hibou (2006) sets out a subtle and well-documented analysis of the political economy of repression in Tunisia, the economic “good student”.

<sup>2</sup> Williamson 1990.

<sup>3</sup> Rist 2001.

<sup>4</sup> This model is based on the principles of the internal market as driver of growth and the “Taylorist” organisation of work in a business in return for salaries and growth in productivity (El-Aoufi 1998 and 2000).

compromise itself based on the classic figures of the “state as corrector of the market” or the “state as inciter or manipulator of incitement”. By studying the interactions of the economic and political arenas, I will discuss in particular the falsities of the hypothesis of “regulation through less state”. Rather than a macro-level analysis of the effects of the economic reforms, of their winners and their losers, of their perverse effects and even of their dysfunctioning,<sup>5</sup> the recent trajectory of Morocco calls for an examination of how public action in the economic and social sectors is being transformed in terms of distribution of resources, decision-making and finally the exercise of power.

A priori, within the region, the history of Moroccan political economy presents specific characteristics with regard to such questions. Firstly, the analysis in terms of a rentier or post-rentier economy such as has developed in the region is particularly inopportune. Certainly, the modern Moroccan economy is largely based on a public sector rich in abundant mineral resources. By means of the *Office Chérifien des Phosphates* (OCP),<sup>6</sup> a public company, the public sector has provided a manna to successive Moroccan governments from the 1970s onwards.<sup>7</sup> The OCP remains today the primary company in Morocco, with more than 300,000 employees, producing 3 percent of its GDP and exporting almost 30 percent of its total exports. In terms of exogenous revenues, the capital transfers of emigrant workers also represent an important inflow of currency, which the public authorities try with varying degrees of success to capture and channel by means of favourable policies.<sup>8</sup> Tourism, principally European tourism, represents today the primary source of currency for the country, but is not monopolised by the public sector and cannot simply be a source of profit in the hands of the political authorities. In parallel, through the development of the food-processing and textile industry in particular, the Moroccan state has also been a “productive state” and still is, based on a widespread indirect fiscal system.<sup>9</sup> It has moreover only been very slightly redistributive, ensuring neither high salaries nor generous social policies.

Secondly, the contemporary trajectories of Morocco document in an original fashion thought as to the relationship between economic and political reforms. Rather than an analysis of the “democratising”

<sup>5</sup> For a discussion of the recent literature on this subject, please cf. Catusse 2006.

<sup>6</sup> Moroccan Phosphates Office.

<sup>7</sup> Morocco has 75 percent of the world’s phosphate reserves and the OCP holds a position as leader in the international market in phosphate fertilizers. In 1973, following the unilateral decision by Morocco to increase the price of phosphate by 200 percent, prices rocketed, ensuring for the Kingdom a substantial profit throughout the 1970s. But the price of phosphate was lower during the 1980s, at the same time as the second petrol shock of 1979 weighed heavily on the commercial balance of the country.

<sup>8</sup> Brand 2006.

<sup>9</sup> On fiscal policies in the Arab world, cf. Heydemann 2004 and in particular the excellent study by Cammett (2004) of the Moroccan textile sector.

effects or on the contrary of the “authoritarian” logic of economic liberalisation, which is in any case partial or selective, and rather than an analysis of the effects of liberalisation or de-liberalisation<sup>10</sup> of economic policies, the contemporary transformations of the political space in Morocco suggest an examination of the metamorphoses of public institutions and of the modalities of public action. Several correlated hypotheses can be put forward to analyse the reconstitutions of the economic power of the Moroccan state in the name of “less state”, an argument which everyone puts forward in order to enter the “black box” of the state<sup>11</sup> and its institutions. By examining the means of privatisation of public action, I will show that the powers of the state are decentralised and delegated and even disguise themselves beneath technical rags, but remain of prime importance.

The logics of “privatisation” of public action are striking. They consist in forms of “discharge”, to borrow the Weberian expression revisited by Hibou. In such processes of reform, the metamorphoses of social regulation through the political rests perhaps less on a disengagement of public power than on forms of subsidiarity or delegation. The prior resources and regulatory capacities of State institutions are eroded, but their points of intervention multiply and shift.<sup>12</sup> One should therefore speak of a redeployment of public action. In the case of Morocco, the discussion is that much more interesting in that the programme of privatisation of the public sector launched in 1990 has shown itself to be ambitious and has concerned the principal economic and strategic sectors of the Kingdom.

Standard neo-liberal theory and coordination “by the market” are indeed unable to explain these transformations. This explains the renewal of references to the work of Polanyi, who insists on the contrary on the fundamentally dual character of the liberalisation of the market, which has to be accompanied by the economic intervention of the State. Neo-liberal institutions themselves have revised their analyses.<sup>13</sup> The Moroccan public authorities remain central actors in economic policies. Confronted by the deinstitutionalisation and destabilisation of previous systems of action, a lot of actors keep on resort for state. This is, furthermore, not unique to Morocco. Over the course of the decades of structural adjustment, “the equation ‘more market’ equals ‘less state’ has been very widely assumed by default, and not only in Latin America”.<sup>14</sup>

Decentralisation and devolution are the cornerstones of the techniques of discharge in terms of policies of investment and in terms of social policy. The spheres of public action change with its delocalizations

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<sup>10</sup> Kienle 2000.

<sup>11</sup> Signoles 2006.

<sup>12</sup> Hibou 1999.

<sup>13</sup> Hibou 1998.

<sup>14</sup> Bafoil 2006, p. 135.

and re-localizations of economic policies: new spheres of economic modes of regulation are mapped out, as are possibly new splits and causes of deregulation.

Finally, underneath, ambivalent attempts at the “depoliticization” of economic policies play out: the desire to set out and treat questions of economic choice beyond the sphere of politics and political competition. This clearly belongs to a relatively classic process proper to development and to the progressive sophistication of public policies leading to a call to experts or “technocrats”. But this process is situated also in the logic of antipolitics,<sup>15</sup> which tends to marginalise the elected and the partisan in the fabrication of the public space.

Examination of Moroccan economic policies, and in particular of its privatisations, therefore allows us to examine the construction of new spheres of public action and the use of new tools of government. Behind the slogans of adjustment, privatisation and *mise à niveau*, the powers of the state are restructured. The strictly political notions of public good and general interest are revisited. On the one hand, whether it be to deplore its state or to praise its qualities, the business has become over the course of these years in Morocco an “affair of society”.<sup>16</sup> On the other hand, by means of decentralisation, of fragmentation of spheres of action and of recourse to/seizing of “private” actors at national or international level, the public authorities have discharged themselves of aspects of the political economy while at the same time retaining control upstream and downstream. In the domain of social policies and welfare, they even sometimes redeploy themselves behind the administration or the royal figure. In this game, representative political institutions are by contrast marginalised.

In order to analyse how the catchphrase “less state” has reorganised the economic capabilities of public power in Morocco, and how the logics of privatisation, decentralisation and even depoliticization fit together, we will look in turn at the transformation of the modalities of the accumulation of wealth and of redistribution, at the evolution of the role of the state in social security, and finally at the reconstitution of wage and union relations in the context of rapid economic liberalisation.

## **8.2 From one form of capitalism to another: in the furrows of privatisation. Accumulation of wealth and redistribution in the economic reforms**

The neo-liberal turning-point of Moroccan economic policy can be described as the passage from one form of capitalism to another: a metamorphosis, some adaptations but certainly not a radical transition from one economic state to another one different in all respects; not

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<sup>15</sup> For a case study of the “antipolitics machine”, see Ferguson 1990.

<sup>16</sup> In the sense in which Sainsaulieu (1990) develops this metaphor in the case of France: it is a question, for this business sociologist, of showing how far the society in which a company operates influences its organisation, life and even culture.

really a transplant or even less the importation of a mode of production, but an adjustment to new internal or external constraints. To the contrary of what one was able to observe in the regimes of Central or Eastern Europe for example, Morocco has not recently converted, properly speaking, to the market economy: property rights have not been restored or fundamentally transformed; before the train of neo-liberal reforms was undertaken, enterprises, businesses and private services prospered or survived alongside state enterprises. Moreover, the reforms undertaken from the 1980s onwards signalled the abandonment of the idea and of the promises of the “developer state” in terms of collective reference-points, representations and economic strategies. The norms of the “economically legitimate” changed rapidly and in a significant fashion between different borrowings and in particular between local reinventions of capitalism.<sup>17</sup> They were also accompanied by substantial transformations in forms of accumulation and redistribution and in modalities of the government of the economic: public employment contracted,<sup>18</sup> and with it not only the quasi-assurance of a post for young graduates, but also privileged access to the modest system of social security. Customs protection for local production was to a large extent dismantled, which altered the balance of power in terms of the extraversion or introversion of the local productive tissue.

Figuring among the 15 most heavily indebted countries at the end of the 1970s,<sup>19</sup> like several other countries the Kingdom was forced to submit to shock therapy under the auspices of the unholy trinity (International Monetary Fund, IMF; World Bank, WB; and World Trade Organisation, WTO).<sup>20</sup> In 1983, a programme of structural adjustment was negotiated with the IMF and the WB, one of the first plans of its kind in the region. The principles are familiar: restructuring of the instruments of state intervention and reform of public finances, monetary policy and external trade arrangements. These decisions translated into a reduction in tariff protection for national production and the adjustment of exchange rate regulation. Foreign investment was again encouraged. If only 38 percent of imports were free in 1983, they reached 90 percent in 1995. Exchange rate policy was liberalised and, in 1983, the dirham depreciated. In parallel, price control and subsidies for products of prime necessity were substantially reduced. New laws were adopted in 1993 to organise the banking sector and the Stock Exchange and in 1996 to normalise and to *mettre à niveau* public companies, investment and trade. In 1989 Parliament adopted a law designating 112 enterprises, among them the jewels of the public sector, for privatisation.

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<sup>17</sup> Bayart 1994.

<sup>18</sup> Between 1984 and 1985, public sector recruitment fell by 80 percent (Akesbi 2003). The slowing was maintained, at a less extreme pace, in the following years.

<sup>19</sup> Outstanding external debt rose from 12.9 percent in 1974 to 43.8 percent in 1982. Cf. Kingdom of Morocco 2006.

<sup>20</sup> Peet 2003.

In terms of its integration into the world economy, Morocco fulfilled the necessary conditions and acceded to the General Agreement on Tariffs and Trade (GATT) in 1987. It was furthermore at a conference in Marrakech in 1994 that the GATT became the WTO. The Kingdom signed a Partnership Agreement with the European Union (EU) in 1996. In the framework of the Euro-Mediterranean process started at Barcelona in October 1995, the Agreement provided for the establishment of a free-trade area between Morocco and the EU by 2010. The economic fabric of the country started on a process of *mise à niveau*, imprecise leitmotiv with promising overtones used with regard to almost all sectors, including the economic fabric but also justice, education, the associative fabric, etc.<sup>21</sup> In 2004, the Kingdom signed a free-trade agreement with the United States (US) which confirmed the option “of the integration of the Moroccan economy with the world economy”.<sup>22</sup> In other words, the protection of Moroccan production appeared to be dismantled while, in accordance with the new canons of development, expectations turned towards the development of a “national class of entrepreneurs [...] fundamentally wealth creating”.<sup>23</sup> Would an “enlightened bourgeoisie”<sup>24</sup> form, bringing in its wake a liberal revolution? Would the ferment of a “market democracy” be put in place, as the chanters of the “new orthodoxy of development”<sup>25</sup> then hoped, or at least appeared to believe?

### **8.2.1 At the origin of the “great transformation”: structural adjustment**

The stock-taking of the structural adjustment launched in 1983 is nuanced. For the Ministry of the Economy and Finance, it achieved its macroeconomic stabilisation objectives: external debt (the current account balance) was reduced from 12.3 percent of Gross Domestic Product (GDP) in 1983 to 0.9 percent in 1987 and to 0.7 percent in 2003.<sup>26</sup> Thanks to the devaluation of the dirham between 1983 and 1985, exports increased. The growth in tourist revenues and in transfers from Moroccans resident abroad also helped, together with debt reduction, to re-establish external balances. But despite the exceptional revenues brought in by the privatisations, the state budget is still today in deficit.<sup>27</sup>

<sup>21</sup> This has been more closely studied in the case of Tunisia, where the expression has had a very similar fate: see Camau 1997; Cassarino 1999.

<sup>22</sup> Ministère des Finances et des Privatisations, “Oualalou s’exprime sur l’ALE Maroc/Etats-Unis”, (n.d.), [http://www.finances.gov.ma/portal/page?\\_pageid=33,4502299&\\_dad=portal&\\_schem=PORTAL](http://www.finances.gov.ma/portal/page?_pageid=33,4502299&_dad=portal&_schem=PORTAL) (retrieved 20 October 2008).

<sup>23</sup> El-Malki 1989, p. 213.

<sup>24</sup> El-Malki et al. 1990, p. 291.

<sup>25</sup> Laïdi 1993.

<sup>26</sup> Ministère de l’Economie et des Finances 1995.

<sup>27</sup> Debt service as a percentage of GDP and exports rose between 1990 and 1999 (ATTAC Maroc 2005). In 2006, debt service remained high in so far as the Annual

ATTAC<sup>28</sup> Morocco insists on the worsening of indicators of teaching, health and unemployment during the years of “liberal policies”.<sup>29</sup> In 2007, the rate of unemployment officially bordered 10 percent<sup>30</sup> of the population, but this indicator is contested. In reality it evens out very marked disparities between town and country, young people and adults and also men and women. It does not take account either of situations of under-employment, informal employment<sup>31</sup> or unwaged forms of employment.<sup>32</sup>

As for the WB experts, they are of the opinion that “the 1980s were a period of macroeconomic stabilisation, gradual liberalisation and deregulation of the economy which brought about dynamic growth”.<sup>33</sup> But if the “stock of Morocco has without doubt gone up among foreign investors”, they too can only deplore the slow rate of growth and high rates of unemployment.<sup>34</sup>

In any case, structural adjustment, strengthened by the measures of *mise à niveau* introduced in the wake of the free-trade agreements with the EU, was an affair of state in all the senses of the term: on the one hand, it was a question of transforming the economic structures of the state, and on the other, the Moroccan state controlled the process upstream and downstream. As Dillman indicates in relation to the Maghreb regimes put to the test of the globalisation of economies:

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.<sup>35</sup>

More perhaps than the relative decrease in the level of public expenditure,<sup>36</sup> the programme of privatisation and the reduction of the state sector from the 1980s onwards were the pivots of the reforms. In fact, apart from its social consequences, to which we shall return, the

Report of the Moroccan Central Bank underlined that outstanding external debt represented 21 percent of the entire debt of the country and 15.1 percent of GDP. The total outstanding direct public debt of Morocco reached 327,400 million dirham and increased by 11.3 percent, bringing the rate of debt to 71.6 percent of GDP.

<sup>28</sup> *Association pour une Taxe sur les Transactions financières pour l'Aide aux Citoyens* (Ed. note).

<sup>29</sup> ATTAC Morocco 2005.

<sup>30</sup> Haut Commissariat au Plan 2007.

<sup>31</sup> According to Direction de la statistique (2003), the contribution of the informal non-agricultural sector to GDP is 17 percent.

<sup>32</sup> El-Aoufi et al. 2005/6.

<sup>33</sup> World Bank 1999, p. 2.

<sup>34</sup> Ibid.

<sup>35</sup> Dillman 2001, p. 202.

<sup>36</sup> Mouline 2005, p. 54, shows that “the structural adjustment plan 1982-1992 and the reforms carried out afterwards did not allow for a considerable decrease in public expenditure in terms of percentage of GDP. This ratio, which was 29.9 percent during the 1970s, was brought to 26.2 percent during the 1990s and only to 28.7 percent during the period 2000-2”.



structural adjustment smoothed the way for transformation of state interventionism in the economic arena, which illustrates particularly well the routes which the privatisation of the Moroccan public sector took.

### **8.2.2 The crucible of privatisations**

The policy of privatisation on which Morocco embarked at the end of the 1980s took several forms which, taken together, transformed less the sociological fabric of the elites than the modalities of public action. If such modalities were the instrument of a reproduction of the elitist system, the privatisations were also the backyard of a transformation of the resources of the state, of a redefinition of levels of intervention or even of the formation of new systems of reference for public action, copied from the metaphors of the market. The emergence of the category of “entrepreneur” as the archetype of success and power is an example of its effects.<sup>37</sup> In the image of what Boltanski described in relation to the middle classes in France during the 1930s, one can say that the 1990s figure among the “numerous cases where the appearance of a ‘new’ group is the product of a structural rearrangement of long duration exercised at the same time over objective properties and representations”.<sup>38</sup>

#### *A law made-to-measure*

The programme of privatisation of Moroccan state owned companies was initially set out in the framework of Law 39-89 on privatisations, which listed an initial 112 and a further 114 companies to be ceded. Taking into consideration the financial holdings of these companies in other companies, they represented 40 percent of the portfolio of the state in 1989 when the law was adopted. Far from being lame ducks of Moroccan industry, this list put up for sale some jewels of the Moroccan public sector.<sup>39</sup> It included the country’s big industrial businesses (particularly in the cement, steel, petrol, phosphate and mining sectors), and also four of the main banks, insurance companies, finance companies and service companies. The range of privatisations was moreover extended in particular in the area of public services (post and telecommunications, transport, abattoirs, state-owned water and electricity companies, and so on).

The sale of public companies was swiftly carried out by means of assignment by private contract, calls for bids, public offering on the Casablanca Stock Exchange and very slightly by means of the allocation of shares to employees. It took its course through the assignment or concession, in the form of the delegation of management but principally of concession, of public services such as the distribution of water and electricity and sanitation, energy sectors,

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<sup>37</sup> Catusse 2007.

<sup>38</sup> Boltanski 1979, p. 75.

<sup>39</sup> Bouachik 1993.

the treatment of household waste, public transport, telecommunications, and so on.

*Social reproduction and crony capitalism*

In the majority of cases, in the short term at least, the sale of the public patrimony became the occasion for often opaque recycling operations. It showed itself to be “a decisive means of redistributing resources, of reformulating social contracts and even of resettling the legitimacy of governments in office”.<sup>40</sup> The public authorities mastered the rhythm and extent of the process.<sup>41</sup> They could choose the companies and sectors to cede, and controlled upstream and downstream procedures to a great extent.

However, the privatisations, and the neo-liberal turning-point more generally, concealed a double facet: on the one hand, the public authorities could nurture the existence of complex politico-economic networks by engaging in “crony capitalism”,<sup>42</sup> while on the other they could also obtain additional funds in a period of budgetary reduction so as to establish new economic means of regulation.

Bearing in mind the speed with which the privatisations were carried out in Morocco, they profited first of all the elites and groups of individuals who already held concentrations of considerable personal capital and significant material or social resources. Stark comes to the same conclusion as regards the countries of Central or Eastern Europe, where the elites in place before the transition towards a market economy captured the benefits of the privatisations where they took place most quickly.<sup>43</sup> In the case of Morocco, the “incestuous” nature of the procedures is all the less astonishing in view of that fact that the economic transition did not bring about, nor was accompanied by, a major transformation of the political system, a rupture of the system or even the eviction of a nomenclature.

In general terms and at the half-way stage, the privatisations have been fruitful for a limited number of Moroccan investors and big foreign groups.<sup>44</sup> If they had the avowed aim of extending the country’s entrepreneurial class, they had on the contrary the tendency to concentrate the country’s capital to an even greater extent. An examination of the principal operations quickly shows the almost systematic presence of just a few groups in the offers and in the purchase operations. *Omnium Nord Africain* (ONA),<sup>45</sup> the “jewel in the crown”,<sup>46</sup> and SIGER (anagram of *regis*, “of the king”), the private holdings of the royal family, were certainly the principal national

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<sup>40</sup> Bafoul 2006, p. 135.

<sup>41</sup> Kernén (2004) demonstrates the same thing as regards the policies of privatisations in the industrial town of Shenyang in China.

<sup>42</sup> Sadowski 1991.

<sup>43</sup> Stark 1996.

<sup>44</sup> For further details of later operations, see Catusse 2007.

<sup>45</sup> Omnium North Africa.

<sup>46</sup> Diouri 1992, p. 178.

winner from the privatisations by dint of their purchase of the National Investment Company, privatised in 1994. For ONA, it was the occasion to deploy a “multi-sectoral strategy [in] food processing, mining, automobiles, deep-sea fishing, the textile industry, tourism, real estate, communications and high technologies”.<sup>47</sup> Together with a few other big groups (Benjelloun, Kettani, Akhennouch, etc.), they could “reinforce their acquired positions and diversify in all directions”.<sup>48</sup> Keeping to this level of analysis, it is clear that neither the practices of riding power and of economic accumulation, nor the logic of profit-seeking, have been eliminated in Morocco by means of the privatisations. Quite the reverse.

The mechanisms of concentration of capital and accumulation of wealth and power have first of all political explanations: assignments were made in the majority of cases by private contract, often at the Palace and rarely transparently. The institutions created as the occasion demanded were made up of personalities chosen at the discretion of the King: this was the case with both the Committee of Transfers charged with giving its opinion on the programme and the evaluation body whose role was to fix the minimum offer price for a shareholding or for the establishment to be ceded. As regards the management of state-owned companies and services subject to concession, which supervises the delegated management operations of public services, this is under the direct control of the Minister of the Interior.

The logic of reproduction also has more structural stimuli, relating in particular to the conditions of access to credit, which have been controlled by the big banks of the Kingdom, themselves either public establishments (in particular the Banque Populaire Group) or privatised for the benefit of the principal groups of the Kingdom (the BMCE<sup>49</sup> for the Benjelloun group, Attijariwafa bank for the Kettani group and ONA).

Other practices surround privatisation, accentuating these tendencies. Examples of public companies repurchased by their former managers or shareholders are numerous, particularly in the hotel and petrol industries.<sup>50</sup> Sometimes, today’s purchasers are the European companies which had been forced to cede to the Moroccan state a significant share of their capital during the 1970s, in accordance with the provisions of the Moroccanization laws of 1973. So much so that

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<sup>47</sup> Saïd Saadi 2006.

<sup>48</sup> Ibid.

<sup>49</sup> *Banque Marocaine du Commerce Extérieur* (Ed.note).

<sup>50</sup> There are the cases, for example, in the petrol sector of assignments by direct allocation from Shell Maroc to Shell Petroleum International, from CMH to Hogespar, from Dragon-Gaz to Dragonifa, from Mobil Maroc to Mobil Petroleum Corporation, and from Total Maroc to Total outre mer. One can also cite the purchase of companies, such as that of Sochepress, a press distribution company, by its own general manager from the time when it was public. The same type of case can be found in the hotel industry.

some described the privatisations as the “demoroccanization” of the public sector.<sup>51</sup> Far from being a source of clear and decisive rupture, from this point of view the privatisations ensured above all the passing of the baton of continuity.

Finally, the modalities of the restructuring of the powers of the state through privatisation express themselves most particularly in the political uses of the resources produced by the assignment of public companies. This question, raised by opposition Members of Parliament at the time of the adoption of the law, was reawakened in 1999/2000 by the case of the allocation of a substantial part of the sale of the second GSM (mobile telephony) licence to the Hassan II Fund for Economic and Social Development, an institution created *ad hoc* by the Palace in 2000. This decision, taken at the Palace, had the result of taking the profits of the privatisation out of the budget without any governmental or ministerial control. Criticised as much by financial backers as by a part of the press that penetrated into ministerial cabinets, it clearly showed as much a “strategy of confusion of existing budgetary procedures as a form of privatisation of public action”.<sup>52</sup> The Palace relieved the government and Parliament of the management of this exceptional manna after they were removed from control of the operation of the privatisation of the licence itself. In the face of complaints, the Hassan II Fund finished by reintegrating the budget, but in the form of a special account managed by royal advisers.<sup>53</sup> It should be noted that apart from Maroc Telecom, the Hassan II Fund also received part of the receipts of the privatisations of the *Régie des Tabacs* (the state-owned tobacco company), the four sugar refineries and SOMATHES.<sup>54</sup>

The privatisations therefore allowed for the reinforcement of certain economic structures of the Moroccan state, but also contributed to undermining other tools of public action in the longer term, or even to inaugurating new ones. They were also a means for the public authorities to direct social and political claims towards intermediary targets, designated as those chiefly responsible for the economic state of the country.<sup>55</sup>

#### *The varied territories of economic regulation*

The economic context has evolved, and not only in detail or in appearance. Earlier techniques of enrichment are adapting. One has to adjust to the liberalisation of trade and the disappearance of sectoral monopolies. Privatisations have been a tool of choice for reinforcing mutual dependencies, for sanctioning and for correcting the economic fabric “top down”. They have been like the processes of

<sup>51</sup> Salah, “La privatisation fait tomber la marocanisation”, *L'Économiste*, February 1993.

<sup>52</sup> Hibou et al. 2002, pp. 112-3.

<sup>53</sup> Ibid.

<sup>54</sup> *Société marocaine du thé et du sucre* (Ed.note).

<sup>55</sup> Leca 1990.

Marocconization in their time, a providential manna for the development of the fortunes of certain families or groups. But they have also enduringly and structurally changed the rules of the game. If the large transfers of resources from the “public” to the “private” have concentrated power and wealth in several sectors, they have also shifted the sites of the political control of the economy and changed the instruments of that control: for example, the slow development of the Stock Exchange is solidly supported by stock exchange companies themselves, in the lap of the banks and the big private groups of the Kingdom. Nevertheless, the Exchange welcomes a generation of economic operators attempting new routes to success. In all cases, whether it be a question of large-scale operations of assignment of public companies or more modest sales, sales were negotiated or disputed even when they were made by private contract or outside the frameworks fixed by the law. The shadow of ONA and the royal interests in these reconstitutions of capital is determinant, although this does not prevent them from being subject to competition from other groups, for example the Benjelloun family in the banking sector. Other observations deserve attention. Cammett shows that:

The combination of a new export-oriented trade regime and rising international manufacturing opportunities initiated important changes in the composition of the private sector [...] Thus a substantial group of small-scale producers from modest backgrounds emerged alongside traditional protectionist elites, who dominate the textile sector.<sup>56</sup>

In the field of professional relations, such transformations of the economic fabric translated into new types of conflict, which could be observed for example at the time of the negotiations for the adoption of a new Labour Code in 2003, when *Fédération des Industries Textiles et de l'Habillement* (AMITH)<sup>57</sup> led a revolt against the positions taken by the management of *Confédération Générale des Entreprises du Maroc* (CGEM).<sup>58</sup> While the then Prime Minister, D. Jettou, who was particularly heavily involved in the social discussions, was nothing less than the former President of AMITH, its President, S. E. Mezouar, future Minister of Trade and Industry and currently Minister of Finance and the Economy, virulently disputed certain measures, in particular as regards union representation and above all the decision to increase the guaranteed minimum wage.<sup>59</sup> Together with other internal splits in the business world, this dispute seriously endangered the re-election of the President of CGEM, H. Chami, some months later.

Moreover, after almost twenty years of privatisation, the public authorities are no longer the principle employers in the country, all the

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<sup>56</sup> Cammett 2004, p. 246.

<sup>57</sup> Federation of Textile Industries and Clothing (Ed.note).

<sup>58</sup> General Confederation of Moroccan Businesses (Ed.note).

<sup>59</sup> *Salaires minimum interprofessionnel garanti (SMIG)*.

more in that they are no longer in charge of the provision of basic public services. Added to reform of the public administration, this led to a remarkable reduction in the privileged power resource that was redistribution by means of public employment and impacted, as we shall see, on the field of wage and union relations.

Economic liberalisation has also been accompanied by a shifting of the territories of investment policies. In the context of off-shoring at the Euro-Mediterranean and global levels, the reorientations of Moroccan economic policy have given shape to new levels of governance, as follows.

On the one hand, the devolution to multinationals of the provision of collective services, previously in the hands of state-owned companies, has, although not new, taken on remarkable proportions. It has been accompanied by a transfer of competence over entire areas of collective questions to national or international private groups, often to the detriment of the local collectivities.<sup>60</sup> Those collectivities impose themselves like private actors in the reconstitution of public policies. Their measures, strategies and territories of intervention do not necessarily contradict the public policies of national development and urbanism, but they can generate conflicts over the occupation and/or use of space: the territories of intervention of the private electrification company are not the same as those of the electoral ward, nor, to an even lesser extent, as those of the “legal” or “illegal” town, for example.

On the other hand, in January 2002, the Royal Letter concerning the “decentralised management of investment” and its implementing decrees redefined the relevant territories of economic policy by entrusting to the walis (prefects) of any given region the decentralised management of investment (“local economic and social development”). Dispossessing the economic ministers of certain of their prerogatives, the King ordained the creation, under the tutelage of those local authorities, which were placed under his authority, of Regional Investment Centres (RIC) to act as single points of contact for Moroccan and foreign economic operators wishing to invest locally. 16 RIC were created in 2002/3. In this new cartography of economic policies, the walis, charged normally with security policy in the Kingdom, gained significant competences in the field of economic policy in a movement of redeployment of the political centre.

Finally, the operations of privatisation interfered in the more individualised relations of the citizen with the administration, not without notorious instances of resistance. They transformed users and right-holders into “clients”, which incited numerous mobilisations. Zaki for example shows how the programmes of electrification of the shantytowns of Casablanca, following the signature of a contract of delegated management with Lydec, subsidiary of the Suez group, provoked local mobilisations, pillaging and negotiations between the

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<sup>60</sup> Catusse et al. 2005.

local authorities and representatives of the private companies.<sup>61</sup> As for Allain Mansouri, she insists on the role of the mobilisation of unhappy users in the renegotiation of the contract of REDAL (the state-owned water company) at Rabat-Salé.<sup>62</sup> This contributes, without any doubt, to transforming the terms of the social contract and the exercise of economic citizenship.

Structural adjustment and the policy of privatisation have therefore ploughed new furrows for the Moroccan political economy. Fixed on the recommendations of development institutions which worship at their altar, their reorientations are ambivalent. The social performances of the Kingdom are in the spotlight. Growth rates are weak. But the rhythm and extent of its privatisation programme are unique and acknowledged, by the reformers, as essential tools for the relaunching of the economy and of investment in the face of the incompetence of public actors. Neither the structures nor the actors of the Moroccan economy have been subject to radical shocks during the reforms, but Moroccan capitalism has nevertheless undergone significant transformations.

### **8.3 From the abandonment of regulation by the state to the stakes of regulation by the market: the role of the state in the reconstitution of social security**

Among other changes, structural adjustment and privatisation to stimulate the private class of entrepreneurs signal the abandonment of a model of welfare by means of public employment.<sup>63</sup> This model, less decisive in Morocco than in other countries in the region, had greatly influenced representations and practices surrounding social expectations with regard to the state.<sup>64</sup> The reorientation of economic policy had at least two consequences in this regard: on the one hand, rates of unemployment increased, and on the other social risks accrued. From the end of the 1980s, protest against the repercussions on employment of economic liberalisation became a permanent feature of the landscape of Moroccan social movements due to the “unemployed graduates”.<sup>65</sup>

At the same time, as in several countries in the region, the policy of debt reduction entailed, at its very beginning, a suppression of, or drastic reductions in, consumption subsidies. Combined with the political claims, these measures rapidly incited popular movements

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<sup>61</sup> Zaki 2005.

<sup>62</sup> Allain Mansouri 2005.

<sup>63</sup> On this point, please see Catusse 2005.

<sup>64</sup> Destremau 2004.

<sup>65</sup> This movement was studied first by Bennani-Chraïbi (1995) and then by Emperador Badimon (2005). Organised since 1991 and always active despite the intermittent but punctual waves of recruitment of its militants by the public administration (in particular in the framework of the national programme of integrations of unemployed graduates), the movement is remarkable for its longevity and its relative political independence.

which certain observers called, a little hastily, and with little regard to the political claims which accompanied them, “bread riots” or “IMF riots”.<sup>66</sup> Followed by severe repressions which extended the powers of the Minister of the Interior, D. Basri, this “revision of policies of compensation connected to the contraction of rentier resources broke the tacit pact of state clientelism and rendered the perception of inequalities intolerable”,<sup>67</sup> as was observed in the case of Tunisia by Camau and Geisser.

The social malaise is far from having disappeared. It is not a residual problem of adaptation quickly to resolve policies which are compensatory in the short-term while waiting for the virtuous benefits of liberalisation to profit everyone. As in several countries subject to such drastic and speedy reforms, 25 years after the adoption of the programme of structural adjustment, social risks seem to have been exacerbated. This is shown by the mobilisations from autumn 2006 onwards against the high cost of living by human rights associations, unions, radical left movements and alterglobalization associations. Behind slogans such as “a privatised Morocco is a deprived Morocco”, the demonstrators demanded the improvement of public services, an increase in salaries and an end to “the process of erosion of purchasing power”. Alongside social movements for or against the plan of integration of women in development or mobilisations for the recognition of the years of terrorism, or even behind Islamic or Berber identity reference points, themselves crucial poles of political protest at the turn of the 2000s,<sup>68</sup> social problematics impose themselves as collective causes of the first order: the pauperisation of society, unemployment of young graduates, reduction in purchasing power, access to basic public services –water, electricity, health, education, transport etc.– are now on the agenda of protest. The harsh repression to which they are subject increases the importance of the question and its political weight.<sup>69</sup>

The placing on the agenda of the social question in Morocco is therefore very closely connected to the transformations which its capitalism is undergoing. But the search for solutions and innovative means of social regulation, on the labour market or elsewhere, is conditioned by the constraints which weigh on the political economy of the country. When trade is liberalised, the importance of foreign direct investment (FDI) increases.<sup>70</sup> This constitutes a serious obstacle to the developments of social safety nets. Competing with East European or Asian labour markets for comparative advantages, the

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<sup>66</sup> Le Saout et al. 1999.

<sup>67</sup> Camau et al. 2003, p. 188.

<sup>68</sup> Vairel 2005.

<sup>69</sup> Cheynis 2005.

<sup>70</sup> According to the United Nations Development Programme (UNDP) in 2004, net receipts of FDI as a percentage of GDP went from 0.6 percent in 1990 to 1.2 percent in 2002 in Morocco and from 0.6 percent to 3.8 percent in Tunisia. They were 1.9 percent of GDP in Algeria (UNDP 2006).



countries of the Maghreb seek to make use of structures and forms of employment. According to this way of thinking, low-salaried workers and flexible labour law are advantageous. The cleaning-up of the public sector obstructs the access to employment of an increasing number of active workers. The effects of the transformation of labour markets in a society with not only very low wage levels but whose short-term comparative advantage in international trade rests largely on the logic of social dumping complexify the “social question”.

It is in such a context that, since the beginning of the decade and the ascendancy of a new sovereign to the throne and of the Secretary-General of the *Union Socialiste des Forces Populaires* (USFP)<sup>71</sup> to the head of government from 1998 to 2002, a triple train of reform was undertaken: firstly, in the field of professional relations, negotiations became triangular, with employers included as a “social partner” and discussions in the business world influenced. Secondly, in the legislative field, new important social laws, in particular a new Labour Code,<sup>72</sup> a new law on accidents in the workplace<sup>73</sup> and a law on compulsory sickness insurance,<sup>74</sup> were adopted after years or even decades of blockage. Finally, welfare for the “unprotected” was reorganised with, as a beacon measure, the announcement in 2005 of a National Initiative for Human Development (NIHD):<sup>75</sup> orientated towards private actors and institutions, it is strongly and very ambitiously organised by the public authorities, for whom it is a priority.

Alongside the implementation of generic models of treatment of social risk proposed by international financial institutions which privilege methods of welfare through insurance (which are therefore individual and private), the metamorphoses of social regulation through the political in Morocco rest above all on forms of subsidiarity or delegation, in other words, through forms of discharge. The ambivalences of regulation “through less state” are flagrantly exposed. In place of a schema of binary regulation, whereby the social developmental state protects wage earners through the extension of public employment and the offer of social and health services, while local or national charitable institutions take care of the “rest”, new arrangements, employing several methods of co-management of social risk, emerge.

#### *Failure of the social state*

We should note that during the preceding decades, differently from other countries in the region, the Moroccan state showed itself particularly modest in terms of providing social security for its

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<sup>71</sup> Socialist Union of Popular Forces.

<sup>72</sup> Law 65/99, adopted in 2003.

<sup>73</sup> Law 18/01, adopted in 2001 and revised in 2003.

<sup>74</sup> Law 65/00, which entered into force in 2005.

<sup>75</sup> *Initiative Nationale pour le Développement Humain (INDH)*.

citizens. If one could have thought of the state, during the golden years of development, as “the alpha and omega of the moment, under the double aspect of the state as demiurge and the state as provider”,<sup>76</sup> the model of regulation of social risks by the state in Morocco was very modest and collapsed.

If the seeds of a social question emerged with the globalisation of the Moroccan economy, it is less the result of a brutal disengagement on the part of the state than because economic liberalisation accentuated the weaknesses of an already modest state social security system. The Kingdom is badly placed on the Index of Human Development of UNDP, including among Arab countries. It is classified, together with its neighbours Tunisia and Algeria, among countries with “average human development”. From 117<sup>th</sup> place globally in 1995, Morocco slipped to 123<sup>rd</sup> place in 2005 out of 177 countries ranked.<sup>77</sup> In particular, its scores for education were adverse. Morocco is placed among the worst in the world as regards the level of education rurally.<sup>78</sup> In 1998/9, 48.3 percent of the population of over 15 years of age was classified as unable to read or write, 83 percent of the women of whom were living in a rural environment. If the 1980s were marked by a lowering of the indicators of relative poverty, the following decade saw a significant increase in the percentage of the population living beneath the poverty line. According to a survey of the domestic standard of living carried out in 1998/9,<sup>79</sup> 19 percent of the Moroccan population was living under the poverty line, as opposed to 13 percent in 1990/1, while the “economically vulnerable” population living just above this line had also increased. By 2005 the figure would be 25 percent.<sup>80</sup> The worsening of these indicators, which went on beyond 1992 and the end of the main programme of structural adjustment, indicates that they could not simply be imputable to the short-term consequences of neo-liberal reform.

In this context, the idea of a “social question”, “itself sowing the seeds of a questioning of the existing system”,<sup>81</sup> emerged around the discourse of the “endangering” of society and even of its regime.<sup>82</sup> With the new forms taken by Moroccan capitalism, the previous social compromises appeared suspended in a “time of doubt”<sup>83</sup> which accompanied the search for innovative tools of regulation. The “social”, up to now essentially envisaged as a question secondary to growth and economic performance, became a source of major political concern at the top of the state’s agenda.

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<sup>76</sup> Roussillon 1996, p. 18.

<sup>77</sup> UNDP 2006.

<sup>78</sup> Mouline 2005.

<sup>79</sup> Direction de la Statistique 2000.

<sup>80</sup> UNDP 2003.

<sup>81</sup> Didry 2001, p. 236.

<sup>82</sup> Hirschman 1991.

<sup>83</sup> Castel 1995.

*The seeds of a social question*

Beyond the movement of the unemployed graduates, what worried the public authorities, and incontestably destabilised the regime, in the 1990s/2000s was on the one hand the intensification of the effects of media coverage of clandestine migration to Europe, in particular that of young people who took to the skiffs of fortune to cross the straits of Gibraltar, risking their lives, and on the other the increasingly noticeable levels of participation in religiously-motivated political mobilisation.

If it is necessary to examine these two phenomena and their sociological motivations very carefully, let us simply underline that the one as much as the other is the object in the Kingdom of the same kind of dominant explanation, strongly debateable for that matter, which puts the “social state” and its (under)performance in the spotlight. The fight against emigration (clearly subject to international and particularly European pressure) takes the form of not only security measures of border-control but also the establishment of social protection networks which identify likely candidates for departure on a local basis. Islamic political mobilisation has been ostensibly expressed for example by the results recorded by the Party for Justice and Development in the last local and parliamentary elections, and by the speeches of unofficial organisations, such as the Justice and Spirituality Association (*al-‘Adl wal-Ihsan*).<sup>84</sup> Without any direct link, other, more violent political forms of action have mobilised Islamic references in recent years, like the attacks carried out at Casablanca in May 2003. Certain quick analyses connect extreme poverty, social malintegration and Islamic engagement. The public authorities, like the majority of the Moroccan media, explain this sort of action in terms of the instrumentalization of social exclusion associated with acts of charity and mutual help in disadvantaged areas.

Of course, radical engagement or engagement behind populist ideologies does not necessarily directly correlate to socio-economic data.<sup>85</sup> The equation “Islamist mobilisation equals the expression of social misery” requires some nuancing.<sup>86</sup> In the shantytowns of Casablanca, political mobilisation is far from being reduced to the Islamic option and even less to the passage to violence.<sup>87</sup> But one must conclude that it is a dominant explanation for the reorientation of public measures of social risk management.

In this context, new political methods of taking charge of social issues emerge. As often in developing countries, the underperformance of public measures to ensure real and tangible social security for all citizens encourages the return of private, public or mixed charity. Alongside the strengthening of social rights, public welfare,

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<sup>84</sup> Tozy 1998.

<sup>85</sup> Traini 2003.

<sup>86</sup> Burgat 2005.

<sup>87</sup> Zaki 2005.

unfortunately presented as harmful and secondary by neo-classic theory, is strengthened in new ways, opening new spaces of intervention for the state.

### *Co-managing social risks*

The creation of quasi-public institutions which are not subject to parliamentary control and involvement with the world of associations or, to a lesser extent, with that of “local communities”, like the failure of partisan governments and ministers to follow through the reforms they instigate, have led to the formation of public arenas for the treatment of social policies characterised by their apparent depoliticization, their sectorization and a heightened recourse to discharge.

In the area of the fight against exclusion and poverty, recourse has been had to welfare and solidarity, *ad hoc* and private, supported by the development of local or international associations, and to sponsorship or private financing. As regards the remarkable development of associations with economic or social vocation, some are of the opinion that “the decline of the provider state and the progress of liberal economic ideology have been accompanied by a rehabilitation of the notion of profit, a new eulogy of private initiative and a re-evaluation of the company”, which has been particularly important in the creation of associations giving help to micro-enterprises.<sup>88</sup> In this arena, the initiative has not always come from the public authorities. In several cases, reconstitutions of public action have been fed by effervescent associative activity, which such action encouraged to develop and sought to capture, as is indicated by the adoption of a new law on associations in 2002. If certain of its provisions were judged positive by the world of associations, others provoked reservations or even mobilisations within this dense fabric of organisations: the text was “liberal” as far as the exercise of the freedom of association was concerned. Nevertheless, the Minister of the Interior remained the organ of government responsible for the regulation and supervision of associations. Above all, “foreign financing” and “political” activities could be heavily sanctioned, which “placed the associative movement in a situation of provisional freedom and under constant threat of sanction and dissolution”.<sup>89</sup>

The metamorphoses of public action have sometimes found fertile ground of a particular sort in the vagaries of the “enlightened entrepreneurs”, a collection of individuals or groups who, modernising the classic practices of notables, have taken the floor and moved to action in the public arena with more or less elitist and political motives.<sup>90</sup>

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<sup>88</sup> Denoeux 2002, p. 37.

<sup>89</sup> Akesbi, “The law on associations: the copy is to be redone”, *Le Journal*, 18-24 January 2003.

<sup>90</sup> Catusse 2007.

Foundations giving help in the form of microcredit<sup>91</sup> have developed at the interface of classic forms of sponsorship, social development and the promotion of the entrepreneurial spirit. If some such foundations have clearly been “private”, others have been much more closely tied to political and public institutions. The Zakoura Foundation, the Banque Populaire Foundation and the *al-Amama* (“insurance”) Association have been supported by Moroccan banks, the Hassan II Fund and numerous international development agencies. In 1999, a new law gave a boost to microcredit associations, framed their development and gave them an institutional dimension. These are active and effective bodies, counting thousands of lenders. Their development, at the intersection of institutions and public and private initiatives, shows how new niches of public action develop where hybrid forms of management of social development are used.

The metamorphoses of government in this domain are articulated around two main fault lines: on the one hand, a seizing of private, individual and associative activities to discharge itself not only of social mechanisms but also of social responsibilities; on the other, new methods of control, in this case less through constraint than through centralisation of resources. If social policies are increasingly co-managed on the basis of partnership, it is by means of a capture and redistribution by the central administration of private or international resources. The state, whose budget is contracting, disposes of external capital to redeploy its social action: the public authorities try to position themselves on the chessboard of social policies as coordinators of the action of the associative fabric which has developed as a new privileged and credible recipient of international development aid.

Together with the development of microcredit, this phenomenon has been particularly visible in the most recent reorientations of social welfare policies. The announcement by King Muhammad VI in May 2005, two years after the attacks at Casablanca, of the NIHD constituted a key point in these adjustments. No fundamental reform of employment policy, no change in the chosen macroeconomic model, it was a question instead of treating, by means essentially of housing policies and policies of encouragement for microcredit, the problems of “poverty”, “social exclusion” and “insecurity”.

The WB began to offer technical and financial assistance to the NIHD from September 2005 onwards. Its proposed objectives were extremely ambitious and grouped around three priorities financed from the budget and also from redistribution of international development aid: “strengthening the fight against poverty in rural areas”, “reducing social exclusion in urban areas” and “stepping up

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<sup>91</sup> Among others the *Al-Amama* Association, the Banque Populaire Foundation, the Zakoura Foundation, the Moroccan Association for the Support of Small and Medium-Sized Enterprises (*Association marocaine d'appui à la petite et moyenne entreprise - AMAPPE*), etc.

the fight against precarious living conditions”.

The first institutions established in the framework of the NIDH were created “top down” and supported by decentralised administrations of the Ministry of the Interior. Celebrated in the media, glorified by the royal seal and reported very ambitiously, the NIDH signals a reorientation of public action with respect to Moroccan social security. The initiative is still in its infancy, but one can already discern certain elements. Its function is to centralise and coordinate action. In this respect, it is an extension of the creation of several institutions in recent years, namely the Agency for Social Development of 1999 and the Ministry of Social Development, Family and Solidarity of 2004. Above all, the NIDH follows on from the creation of two beacon institutions of the reign of Muhammad V: the Muhammad V Solidarity Foundation and the Hassan II Fund for Economic and Social Development.

The Muhammad V Foundation and the Hassan II Fund were inaugurated amid great celebrations at the end of the 1990s. They are hybrid structures directed by advisers close to the King and by bank managers, private and public positions. They are financed through exceptional channels, making use, more precisely, of an exclusive method of management of funds of often public origin. This is particularly so in the case of the Hassan II Fund, which benefited from a significant part of the concession of the second GSM licence in 2001. These two bodies, the spearhead of the “social monarchy”, have not so far been subject to any governmental or parliamentary control or any other similar control, and function essentially in a discretionary manner under the royal eye. Nevertheless, they have been gradually integrated within the public institutions, for example by the transformation of the Hassan II Fund into a public body in December 2001. Their status, between public and private, is ambiguous. Their field of action is not regulated by law, nor by a relationship with citizens, as if one was trying to define and supply services to the “needy” without giving them rights over the state in return.

As is the case with the 26/26 Fund in Tunisia, the institutionalisation of the Muhammad V Foundation and the Hassan II Fund and of the NIDH has had a populist function, namely to show that social questions are on the public agenda and that the Palace, as the principal promoter of such questions, is involved as leader in the affair, although at the same time the direct financial resources of the state are being reduced. Their titles themselves confirm the implicit recognition of collective problems sufficiently wide for each person to see himself in them: “human development”, “economic and social development”, “solidarity”. The multi-sectoral character of the NIDH has reinforced this feeling. The machinery of these Moroccan social institutions is clearly less well-oiled than that of the Tunisian 26/26 Fund, at least in its repressive and coercive aspect.<sup>92</sup> Indeed, the solidarity campaigns

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<sup>92</sup> Hibou 2006.

of the Muhammad V Foundation have been based on collective popular participation and on an appeal to national solidarity in which each citizen can play his part and show his support for the programme. Unlike what could be observed in relation for example to the obligatory subscriptions for the construction of the Hassan II mosque in Casablanca,<sup>93</sup> in this case the collection of funds have not taken place by means of a systematic and “obligatory gift” by all companies. The resources of these institutions do not rest on a disguised and subjugated system of taxation, but rather on the capture of public goods and international aid.

Whatever the case might be, since their creation, the Muhammad V Foundation and the Hassan II Fund, presented as “crisis authorities” created in the name of national solidarity to confront growing social insecurity, have acted by regularising and placing on contractual terms their partnerships with associations and big private groups. The Muhammad V Foundation, like the Agency for Social Development, is managed by mixed administrative councils bringing together representatives of the public administration and an adviser to the King, as well as representatives of the private and associative sectors.<sup>94</sup> As far as the operation of the NIDH itself is concerned, it is based on the principle of decentralised partnership with the economic and associative sectors.

Not only do these recent institutions render private activities public, but they institutionalise those activities and regularise them in a mechanism of action which is alternative to that of the representative political institutions. It would evidently be necessary to bottom out the analysis of each of these new mechanisms, their methods of financing and logics of redistribution. They give birth to new forms of state interventionism in domains where one generally speaks, conversely, of its disengagement. It is not a question of overstating the competences and resources of public power, but of showing that, behind the reforms, the Moroccan public authorities are redeploying economic and social institutions by having recourse to the private and by capturing national and international resources directed towards development.

Without being anachronistic, certain parallels could be drawn with the “social intervention” in the Europe of the industrial revolution. This constituted to a great extent a paradoxical solution found by “bourgeois” legislators to contain the political pressure of the masses, confront the risk of revolution and silence workers’ claims in France for example.<sup>95</sup> The quest for social peace becomes a priority for the public authorities.

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<sup>93</sup> Cattedra 2001.

<sup>94</sup> The King is the President of the Administrative Council of the Muhammad V Foundation and the Prime Minister is the President of the Administrative Council of the Agency for Social Development.

<sup>95</sup> Donzelot 1984.

In the developing “partnerships” between public authorities and private actors, the discussion of the modalities of help for the least-protected seems to become situated in a depoliticized context. This does not mean either that it is not political, or that the state is detaching itself from it: quite the contrary. In this sense, the privatisation of public action consists in redistributing responsibilities, in redrawing the boundaries of what belongs to the public and what to the private, and finally in transforming the modes of regulation of social risk. The public authorities find other instruments to exercise their authority and control the basic mechanisms of the reconstitution of Moroccan capitalism. A range of actors, having flexible relations with the political and with the administration, find niches for their aspirations, being their appetite for power, their desire for action or, in certain cases, their search for social recognition.

#### **8.4 From class conflict to social dialogue: reconstitution of professional relations**

The metamorphoses of Moroccan capitalism have also been the theatre of important changes in unionism and workers’ institutions. The expression “of a concern about the ability to maintain the cohesion of a society”, to borrow the phrase of Castel,<sup>96</sup> and the conviction that the forms which the working class takes cannot ensure the social integration of the great majority of the population had already been formulated during the colonial period, when they were closely associated with the nationalist movement. In the developmental period, they were rather overwhelmed by the construction of the independent state. With neo-liberalism, they have been exacerbated in several areas.

Wage relations have become more flexible, have been individualised and protect workers less and less. The “social worlds of business”<sup>97</sup> have been put to the test of liberalisation, privatisations and increasingly savage forms of capitalism. As if by a balancing effect, this has been translated, on the stage of professional relations and business policy, into the precarious but lasting establishment of new institutions of regulation of the labour market. At the end of the 1990s, novel structures of tripartite negotiation –workers’ unions, public authorities and employers– were organised which inaugurated a mode of political management of wage policies which openly broke with the tradition of direct face-to-face confrontation between workers’ unions and the employer State.<sup>98</sup> The emergence of such structures of social dialogue is evidence less of an effective pacification of the business world than of a political will to pacify it by means of instruments which have shown their worth elsewhere.

Morocco presents an interesting observation-post in this respect as

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<sup>96</sup> Castel 1995, p. 39.

<sup>97</sup> Franckfort et al. 1995.

<sup>98</sup> Memouni 1979; Catusse 2001.



well. As a result simultaneously of its own historical trajectory, particularly the history of its unionism, which is pluralist and political, and of the particularities of the social configuration which is emerging, the routes which wage-related and professional negotiations have taken against this background are, if not atypical, at least remarkable.

The triangulation of social negotiations consisted in the entry of the employers' class, specifically the CGEM, then in 2003 the Chambers of Commerce and Industry, as an institutionalised and normal "partner". Indeed, the GCEM had already been associated with social discussions in the past, but in the context of discussions between the public authorities and the workers' unions. From 1996 onwards, separate consultation authorities established the spheres of influence of the social "partners" and the public authorities, who have sought the role of arbiter of interests at stake (particularly the Minister of the Interior and then the Prime Minister). Other than the assumption of the participation of employers in business policy, this appears to me to have two important consequences in terms of public policy and the restructuring of the powers of the state: firstly, in a context of aggravation of social contradictions and rapid transformation of the labour market, the wage discussion is removed from the political arena and relegated to the business world. Secondly, the recognition of this third social "partner"/"opponent", which is based on the voluntary promotion of a pacified model of social relations, has presided over an important legislative output in terms of labour law. The adoption after several decades of blockage of a new Labour Code in 2003 and a law on compulsory sickness insurance are the most striking examples of this.<sup>99</sup>

The mode of social representation sketched out in these reforms attests to at least two dynamics: on the one hand, it has strengthened the formation of the interest group of "entrepreneurs", who are put to their collective responsibilities and summoned, finally, to play a role in a co-management of economic and social policies; on the other, it has formed part of the search for mechanisms of neutralisation, depoliticization or even "disciplining" of wage conflicts. In other words, if it politicises the employers' class by accelerating the assertion of a legitimate political and social identity thereof in wage-related transactions, it distances the treatment of social conflicts from strictly political arenas towards "spheres of public non-decision", spheres "through which one directs the protagonists towards private initiative or negotiation".<sup>100</sup> In the case in hand, this does not indicate that there has not been any public policy in the matter, but rather that the public authorities have diverted workers' claims, directly addressed to them, towards badly-placed market institutions. Whatever the twists and turns of the "social dialogue" might be (a

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<sup>99</sup> Catusse 2005.

<sup>100</sup> Offerlé 1994, p. 135.

social dialogue which reeks more sometimes of a collective fiction to which few adhere, or even of propaganda, than of the real transformation of *ad hoc* practices of the treatment of conflicts), workers' unions and employers have acquired in the space of a few years a normative power and a certain autonomy solidly flanked by the executive instigator and arbiter.

The speedy passage from the dominant paradigm of "class conflict" to that of "social dialogue" in the name of the "economic growth", "securitisation" and "pacification" of society should not mislead. It represents less the transformation of social cleavages or the attenuation of conflicts inherent in capitalism than a change in the political vision of the possible and the thinkable. The mechanisms favoured for the regulation of wage conflicts borrow more readily from neo-corporatist representations of the social world. This change in regime, sensitive to the business environment, is organised around the promotion of "privatised" procedures and transactions. "Rather than isolating public action from private initiative",<sup>101</sup> on the contrary it unites and mixes them. The political mechanisms which emerge are based on a political engineering of social regulation according to which the administration wishes to arbitrate and transfers social demands and tensions to third parties, particularly industry leaders, who are identified as legitimate social forces.

### 8.5 Conclusion

This chapter has tried to explore the transformations of the economic capabilities of the Moroccan state in the face of the rapid liberalisation of its economy. The changes which its capitalism has undergone denote less a return of the market and a "retreat of the state"<sup>102</sup> than a diversification and redeployment of public power by means of new techniques and modalities of the government of economic activity.

The analysis of the different aspects of reform and privatisation shows in particular that if the sun of the state bourgeoisie is indeed "setting", it is in the effects of contexts and generation rather than in the morphology of the social strictly speaking. What has changed? The social structures of the *ancien régime* have not been weakened by the structural adjustment but have showed themselves capable of adjustment and, in certain areas, have consolidated themselves. The heirs of the great families of the Souss region and of the city of Fez have been able to modernise their activities. Returning from studies abroad in Europe and increasingly in the United States, they are the "golden boys" of a rapidly-evolving capitalism who do not hide their success. Their sources of accumulation diversify: alongside inheritance and rentier proximity vis-à-vis the administration, new opportunities open up for them, as well as new risks, as customs protection crumbles, international competition becomes stiffer and the

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<sup>101</sup> Sgard 1997, p. 64.

<sup>102</sup> In the sense for example of Strange, 1996.

state keeps hold of a certain arbitrage to rein in or encourage the affairs of this or that person. Alongside their triumphant success, the vast fabric of small and medium enterprises (SMEs) has also had to adapt, not without difficulty, in the spaces which have been restructured to a greater or lesser extent in the face of increasingly international competition.

Rather than fall apart, the engineering of power has adjusted to the new constraints and opportunities. This does not mean that nothing has changed. We have seen on the contrary that a variety of shifts have taken place and that the normative system has evolved. At the end of the reign of Hassan II, the ministries opened their doors to the parties of historical opposition in a sort of consensual reconciliation. The tools of public action have been transformed, although in the end the Palace continues to exercise little-shared authority, while the business world in particular has increasing control over the instruments of fabrication of public goods. The “establishment of original mechanisms whose aim is to regulate the behaviour of individuals and to make new modes of constitution of private property and inequality possible” has pushed the political economy of the Kingdom towards a mode of “indirect private government”.<sup>103</sup> Alliances for profit are made and undone. As far as the political scene is concerned, it has pluralized, which does not necessarily indicate that the regime has become more pluralist. If according to the liberal ideal the state has less legitimacy in economic policy, the control exercised by the administration and the country’s political leaders has changed without their losing their power of influence or coercion over the market.

In this sense, social and economic policies in Morocco in the 2000s have a clear political significance, and their implementation cannot be reduced to questions of technical choice. The new institutions which have seen the light of day, explicitly straddling the “public” and the “private”, are in part “apolitical means of intermediation between the interests at stake, with the principal effect of reinforcing the strictly political prerogatives of final arbitrage, which is the principal means of control of the Moroccan monarchy”.<sup>104</sup> Under the cover of managerial realism or economic efficiency, recourse to business – virtual or real as the case may be – has served to marginalise political institutions and to de-ideologize the question.

To finish with, one could also reflect with caution on how the hypothesis of a “third way” could be heuristically interesting for an understanding of the modes of regulation in play in the reform of economic policies by means of “less state”. Clearly, there is no question in this case of glimpsing the beginnings of a social democracy, dirigiste or liberal, between the contemporary transformations of capitalism, as Giddens was able to do in other

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<sup>103</sup> Mbembe 1999, p. 103.

<sup>104</sup> Ferrié et al. 2004, p. 63.

contexts.<sup>105</sup> Far from it. However, one can see in the case of Morocco that the reconstitutions of public action have been based on a model which goes down tracks close to those cleared by the British sociologist. This does not, of course, prejudge the local result of the reforms, but one must conclude that the privileged mode of political regulation values the individual who organises himself and builds up his own capital but entrusts to institutions the task of guaranteeing the quality of services by evaluating and measuring them and even by regulating them and arbitrating over them. Examination of recent social security policies in Morocco shows in particular a recourse to new tools and paradigms of action, whether it be in a localised manner or at national or even international level: contractualization versus institutionalisation; universalization/generalisation versus individualisation/commercialisation; insurance versus assistance; sectorization versus de-sectorization of public action. Original spheres of public action have been established for example in terms of wage negotiations, as the “social partners” became producers of norms in the context of the elaboration and adoption of a new Labour Code in 2003, or even in terms of social policies, as the beginnings of a right to welfare have emerged.

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<sup>105</sup> Giddens 2000.