



**Foreign  
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Center**

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# Morocco: Current Policies and Problems

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**Summary**

King Hassan, who plans to visit Washington before the end of the year, is a close friend of the United States and represents one of the strongest leaderships in the Arab world. He has gradually adapted the monarchy, which commands widespread respect, to a more democratic form of governance and recently has generally outmaneuvered rather than repressed his critics. Economic difficulties, made worse by this year's drought and uncertainty over the outcome of the King's efforts to gain sovereignty over Western Sahara, have developed into a major challenge for the King—one that has already engendered disaffection with his policies even among those traditionally most supportive of him. Nevertheless, he faces these difficulties with the backing of loyal and fairly effective security and military establishments, which are the only institutions capable of threatening his rule.

The King will be looking for financial and diplomatic support from the United States, with which he believes he has established a special relationship. The moderation Morocco has espoused in international and Arab forums has benefited the United States, particularly on Arab-Israeli issues in which Morocco has acted as an intermediary between other Arab and Israeli officials. The King believes his longstanding warnings about Soviet machinations in Africa—too often ignored in Washington in his opinion—should earn him a special hearing in his appeals for US support of Morocco and other Arab moderates.

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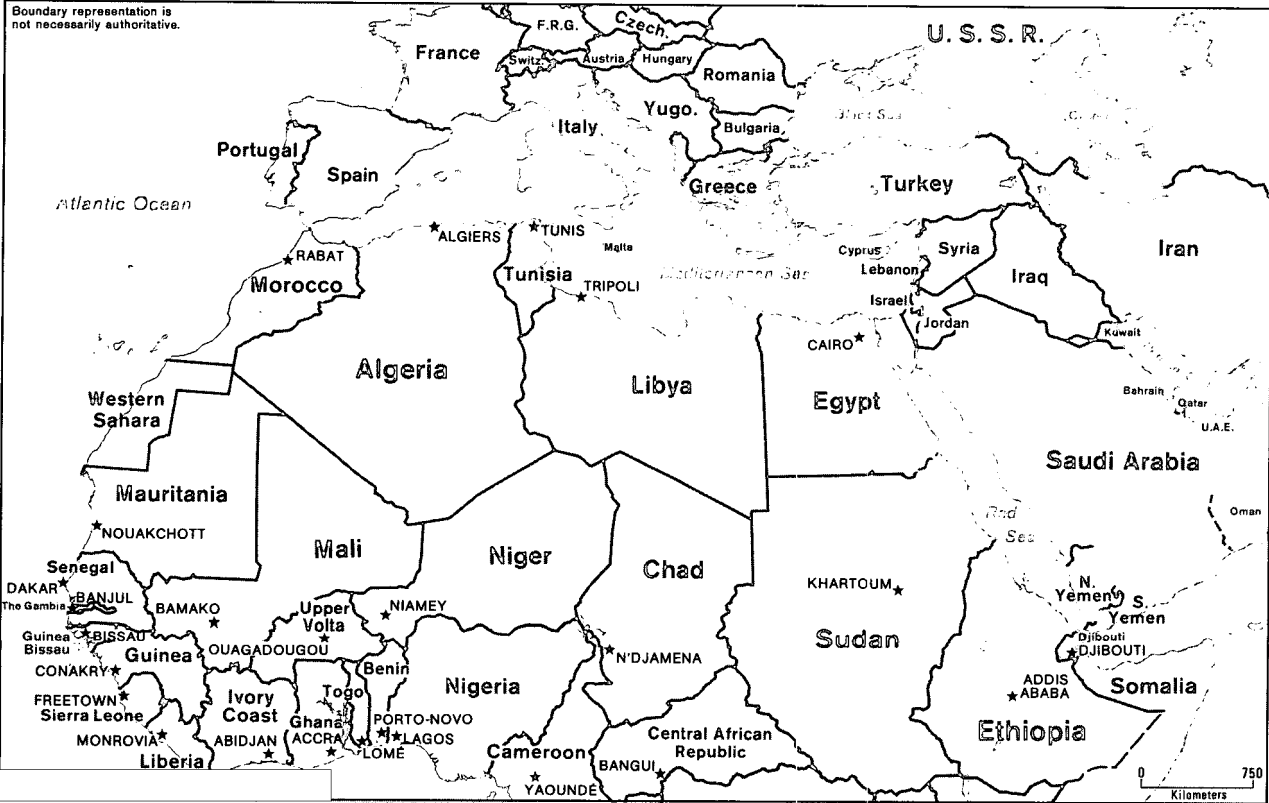
*This memorandum was prepared by the Maghreb Branch, Office of Near Eastern and South Asian Analysis. It was coordinated with the Office of Global Issues, the Office of European Analysis, the Directorate of Operations, and the National Intelligence Officer for the Near East and South Asia. Information available as of 23 October 1981 was used in its preparation.*

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Figure 1



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**Morocco: Current Policies  
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**The Domestic Political  
Scene**

Figure 2  
King Hassan II of Morocco.

King Hassan dominates Morocco's secular and religious life, despite his sponsorship of what official spokesmen like to call Morocco's "democratic experiment." Under his tutelage the country has developed a largely free press, a cabinet-style government with a parliament, and a variety of political parties and interest groups that are always vocal and often troublesome. Hassan is now obliged to consult more frequently with these groups. But none has developed enough legitimacy or popular following to restrict his ability to make virtually all major policy decisions and many minor ones. There is, moreover, widespread respect for the monarchy as an institution symbolizing continuity and legitimacy, even though Hassan is personally unpopular.

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In his 20 years on the throne, Hassan has maintained his political preeminence largely through his skill at balancing competing factions and interest groups. He rewards his supporters with patronage; he conciliates his critics when possible but does not hesitate to crack down when he deems it necessary. Efficient and well-equipped security forces back up Hassan's authority, and the monarchy has the support of the armed forces, the only element capable of unseating the King.

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Despite Hassan's professed commitment to political evolution, many Moroccans are worried about the future of the "democratic experiment." Serious rioting in Casablanca last June was triggered by substantial cuts in government subsidies for basic foodstuffs. Those riots and mounting criticism from the socialists of his government's policies—especially in Western Sahara—have led Hassan to deal harshly with dissent. Arrests and trials of opposition socialist political and trade union leaders along with increased harassment of rank-and-file members have fragmented the socialist opposition. Beset by conflicts between cautious leaders and more radical younger members, the socialists are demoralized and lack a clear strategy for the future. They are also isolated from the other political leaders, who have not joined in criticizing the King's initiative to settle the Western Sahara dispute. The socialists are betting that they can capitalize on Hassan's resort to repression to rebuild the popular support they lost over the summer.

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Tension is likely to rise this fall as students return to school and as seasonal food shortages, aggravated by a long and severe drought, peak. The confrontation with the socialists is also likely to continue. All but one of the 15-member socialist delegation withdrew from parliament in early October to protest the King's extension of the parliamentary term, but most have since returned. [redacted]

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### Dismal Economic Performance

This year's drought—the worst in 35 years—along with continued high levels of defense spending and a heavy foreign debt burden have led to a sharp economic downturn since the spring. Over half the grain crop has been destroyed, and Morocco will have to import nearly 3 million tons of cereals this year—almost twice last year's amount. Adverse weather will probably drive up the bill for foodstuff imports in 1981 by over \$350 million. The cost of government food subsidies will exceed budgeted levels by over 40 percent and will account for 7 percent of expenditures despite the substantial subsidy cuts made in May. [redacted]

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Morocco's economy is still suffering from the effects of the three-year austerity program that the government introduced in 1978 after excessive spending during 1973-77 and the collapse of the phosphate market in 1976. Although restrictive measures helped reduce trade and budget deficits, they hit the modern sector of the economy especially hard and contributed to a slowdown in construction and manufacturing. Slow economic growth also boosted unemployment—already high—to 20 percent in major industrial areas, while the wages of those employed failed to keep up with inflation. [redacted]

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The nation's foreign payments position is again deteriorating sharply. Food imports have already consumed a large portion of the special funding that Morocco received from the IMF this year, and foreign exchange reserves cover only two weeks of imports. Morocco's soaring debt-service burden and IMF-imposed limits on nonconcessionary borrowing will force the government to cut nonfood and nonfuel imports by 10 percent this year. Even so, the current account deficit will grow to about \$2.2 billion in 1981, up by about half over last year. [redacted]

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Rabat's serious foreign payments position and escalating budget deficit have jeopardized the nation's continued access to special IMF funding, compromised Morocco's ability to meet debt-service obligations, and intensified inflation—which will probably exceed 20 percent this year. The IMF recently told Morocco that it had not complied with the terms of its

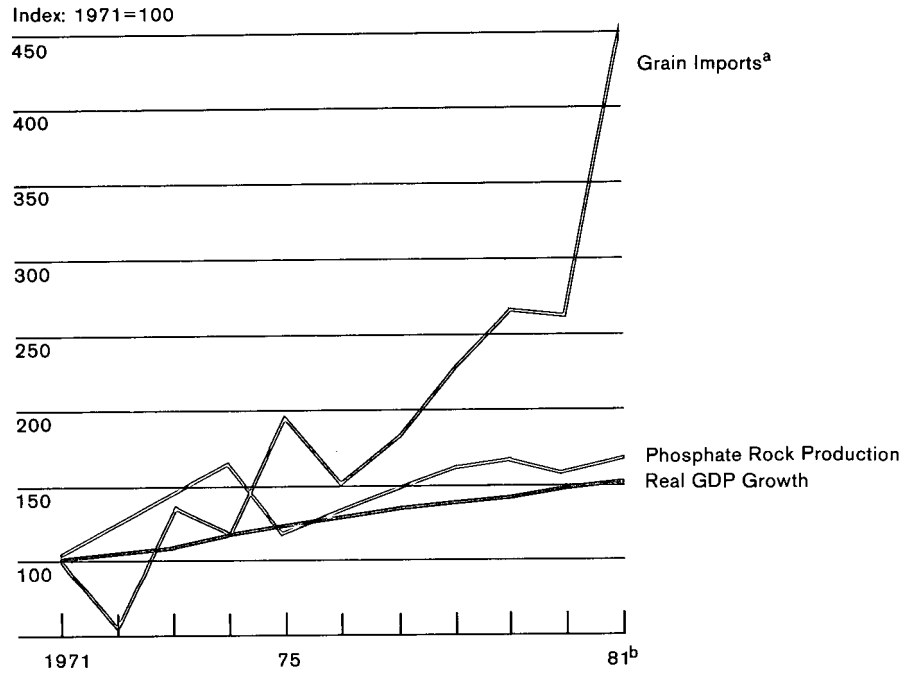
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**Figure 3**

**Morocco: Indicators of Economic Activity**



<sup>a</sup>Including wheat, barley, and corn products.  
<sup>b</sup>Estimated.

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special funding arrangement, and the IMF plans to withhold further financing until there is agreement on new targets. Morocco probably will also need to reschedule its \$7.4 billion external debt.

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Concessionary loans and grants from Arab benefactors—particularly Saudi Arabia—have accounted for about one-fourth of Morocco's foreign financial assistance since 1974. Under the guise of aiding Morocco in the Western Sahara dispute, the Saudis have paid for a large percentage of the military equipment that Morocco has acquired from the United States and France over the past two years. Riyadh has been reluctant to extend direct financial support for Morocco's military modernization program, however, and it is unclear how much military aid the Saudis will continue to give now that Morocco's position in the Sahara has improved. Saudi economic

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aid will probably continue at or near the present level because of Riyadh's concern about Morocco's internal situation and the close ties between the two royal houses. [redacted]

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This was to be the year Morocco launched its ambitious \$22.7 billion five-year plan aimed at returning the economy to the 7-percent annual real growth rate achieved during the phosphate boom in the early 1970s. Instead, implementation of the plan has lagged, and real GDP growth probably will fall well below the 3-percent level achieved during the austerity years of 1978 and 1979. [redacted]

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Although the country has considerable potential for growth over the long term, Morocco's financial squeeze will be especially acute through 1983. Barring a heavy influx of new concessionary financing, limits on government spending and domestic credit will have to continue. This will preclude the implementation of many aspects of Rabat's ambitious development plan or the recording of significant increases in the standard of living. [redacted]

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**Attitudes of the  
Military**

In the unsettled atmosphere at home, the attitude of the armed forces—which twice spawned coup attempts against the King in the early 1970s—has become increasingly important. Military morale has been high since the middle of last year, largely because of the results of the counter-insurgency campaign waged against the Polisario Front. A long overdue relaxation of Hassan's personal supervision of the armed forces along with greater royal attention to other longstanding military grievances also contributed to the improved attitude. [redacted]

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Rabat continues to prepare for more fighting, despite the military's dominance over the Polisario Front and the talk of a peaceful settlement in Western Sahara. Morocco is planning major sweeps later this fall which are intended to weaken the guerrilla forces through destruction of supply caches and disruption of lines of communication. The Moroccans are using the current lull in the fighting to refit, resupply, and rotate units in the south and Western Sahara, where nearly two-thirds of the ground forces are stationed. [redacted]

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Even if the costly war in the Sahara should end soon, overall Moroccan defense expenditures will continue to burden the economy. In its efforts both to bolster combat capabilities in Western Sahara and to modernize its forces, Morocco has recently obtained sophisticated equipment from the West. It purchased Alpha jet trainers and VAB armored personnel carriers mounted with various cannons and missile systems from France and OV-10

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reconnaissance aircraft and C-130 aircraft from the United States. In addition, Morocco activated a new air defense radar network in September.

[REDACTED] 25X1

The threat of a war with Algeria as well as the need for effective military countermeasures against Polisario incursions in Western Sahara prompted King Hassan to implement a military modernization program in 1974. As part of this plan Morocco has sought to build a military force that has strong antitank and air capabilities. In order to achieve a more flexible defense the Moroccan Army has adopted a combined arms force structure, mixing armor, artillery, and mechanized and motorized assets, and is attempting to upgrade the entire force by replacing obsolete or worn-out items. Even after the Sahara conflict ends, Morocco will be eager to maintain a military balance with Algeria, which enjoys an advantage in some categories of weaponry.

[REDACTED] 25X1

The Moroccan military is encountering serious difficulties in absorbing the steady influx of new aircraft, armored vehicles, and other equipment. This is likely to continue over the next few years. Trainable people to operate the new weapons systems will be hard to find, and the accelerated pace of modernization will further strain Morocco's cumbersome system for providing spare parts.

[REDACTED] 25X1

### Foreign Policy Concerns

King Hassan of Morocco professes to follow a nonaligned foreign policy but in fact has adopted a generally pro-Western, moderate stance. Morocco cooperates closely with Western countries and like-minded Arab states—especially Saudi Arabia and Tunisia—in international forums. The King is deeply suspicious of Soviet intentions in the Middle East and Africa, and he has repeatedly sought to persuade Western leaders that Morocco is Moscow's prime target for destabilization in Africa.

[REDACTED] 25X1

The moderation of Moroccan policy is especially evident in Middle East questions. Morocco has historically acted as a bridge between the Arab states and the West. It also has more recently served as an intermediary between the Arabs—especially Egypt—and Israel. Because of its generally good treatment of its Jewish community and the large number of Moroccan Jews permitted to emigrate to Israel in the late 1950s and early 1960s, Rabat has been able to sustain a behind-the-scenes relationship with Tel Aviv. Morocco also discreetly maintains close ties with Egypt despite Hassan's reluctant rejection of the Camp David peace process and the criticism that this friendship with Cairo draws from hardline Arabs.

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[REDACTED] 25X1

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*Western Sahara.* King Hassan's domestic fortunes have been inextricably linked to the Sahara question since the early 1970s. His stress on "regaining" Spain's former colony—which he maintains was part of the Moroccan realm for centuries and to which Morocco asserted formal claim in 1976—has in the past helped rally support around the monarchy. Over the past few years, however, popular attitudes toward Hassan's handling of the conflict have been changing. The desire to retain the Sahara at all costs is giving way to popular dissatisfaction with the heavy financial drain of the war. Such dissatisfaction apparently exists at all levels of Moroccan society, including the wealthy commercial and professional elite that has traditionally supported the monarchy as well as some junior and middle-level military officers, but it is apparently strongest among the poor in Morocco's crowded urban slums. [redacted]

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Morocco's position on both the military and diplomatic fronts has improved since the beginning of the year. Rabat gained the initiative on the battlefield in mid-1980 after a series of reverses prompted long-delayed reforms in command and control procedures. The defense perimeter in the territory's northwest has largely frustrated the guerrillas' ability to stage hit-and-run attacks. The Polisario can still hit isolated outposts outside the perimeter as they did in mid-October, when the guerrillas inflicted heavy casualties on the Moroccan garrison at Guelta Zemmur. The incident at Guelta Zemmur could indicate enhanced Polisario capabilities, most notably in their reported use of SA-6 missiles. The Polisario, however, probably will be unable to sustain this high level of activity or regain the initiative. [redacted]

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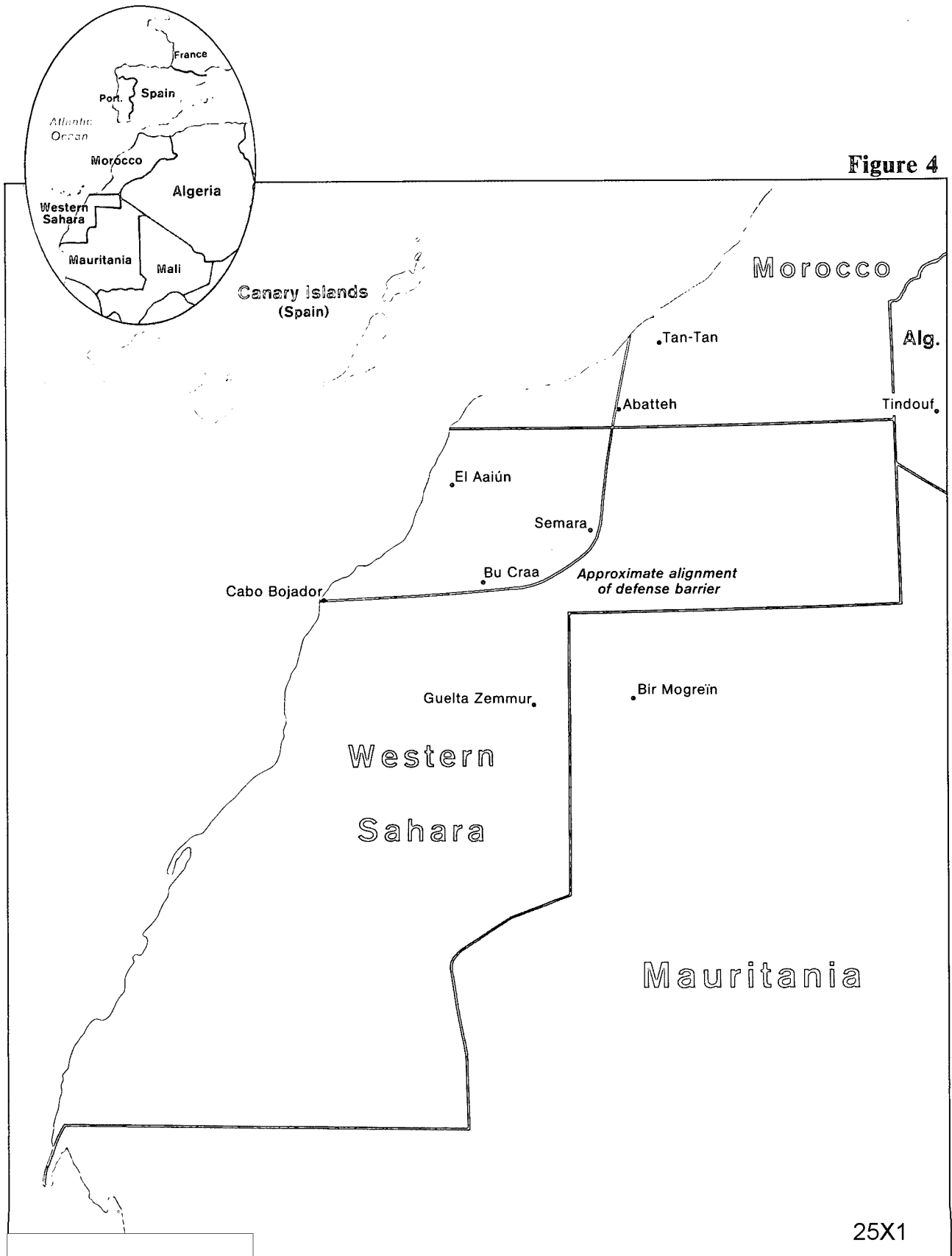
Hassan's endorsement last June of the OAU's plan for a referendum on the territory's future has enabled Morocco to reduce its diplomatic isolation and opens the prospect for legitimizing Moroccan control. With the ensuing talk of peace that has filled the Moroccan press there has come the expectation—however unrealistic—that substantial funds will be freed for shoring up the economy. All of Morocco's political leaders have privately questioned the King's strategy to bring peace; they fear that Morocco will be unable to ensure a favorable vote. The socialist opposition, which is particularly vocal in asserting Morocco's claims to Western Sahara, tried unsuccessfully to challenge the King's authority to submit the issue to a referendum. But the other parties did not join the challenge, and Hassan probably will be able to keep dissent on the question within manageable bounds. [redacted]

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The King needs a settled domestic situation and a broad popular consensus to carry out a referendum on the Sahara. It remains unclear how the flareup of dissent last September and the clash at Guelta Zemmur will

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affect his efforts. We have seen no firm indication that Hassan has become less flexible in his approach to a peaceful solution. Much will depend on Algeria's willingness to cooperate and on Hassan's ability to minimize OAU and UN involvement so that the referendum's results will be palatable at home. Neither is by any means assured. [redacted]

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**Relations With Libya.** Rabat and Tripoli struck a temporary political truce just before the OAU summit last June; a month later they restored diplomatic ties that were cut in April 1980 when Libya recognized the Polisario Front's self-proclaimed rule over Western Sahara. Tripoli's effort to break its diplomatic isolation and Rabat's interest in discouraging Libyan political and military support for the Polisario motivated the reestablishment of formal relations. [redacted]

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Morocco, however, continues to harbor Libyan dissidents and is working behind the scenes against Qadhafi's machinations in Africa and the Middle East by offering military and security assistance to friendly regimes. Rabat has no illusions about Qadhafi's intentions and considers the current improvement in relations only tactical. Hassan has doubtless become more concerned about Libyan intentions following the assassination of Egyptian President Sadat and probably doubts that the rapprochement with Tripoli can continue much longer. [redacted]

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**Relations With France.** Hassan's interest in improving relations with the United States stems from his concern that one of the underpinnings of his foreign policy is eroding—close relations with France. The King fears that the Mitterrand government places greater importance on relations with socialist Algeria, Morocco's regional rival, than did the Giscard government, which favored Morocco. Hassan's concerns were promoted by several warm visits to Algeria by French Government authorities this year and by the French Government's first official reception of a Polisario Front delegation this summer. [redacted]

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Also at stake are Morocco's military links to France. Paris has long been Rabat's primary source of military hardware, and large Moroccan arms purchases and financial constraints in recent years have resulted in arrearages. The Mitterrand government seems less tolerant of carrying these debts than its predecessor, and France may slow military deliveries if Morocco's bills are not paid. Although the bilateral military arms agreement signed before the French elections last spring does not expire until 1985, Paris has refused—at least for the time being—to discuss new arms contracts. [redacted]

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Concern also is mounting in Rabat over economic links to France, its largest trading partner. Paris appears less willing to make the substantial investment in Morocco's phosphate and energy industries that Rabat expected when it formulated its five-year plan in 1980. Morocco's access to EC markets may also be in jeopardy because the Mitterrand government is less likely to champion Rabat's cause in negotiations with EC members. President Mitterrand is sympathetic toward Moroccan and other expatriate workers in France, but slow economic growth could, over time, force Paris to reduce the number of foreign laborers in the country. This would intensify Rabat's growing unemployment burden and cut worker remittances, which supplied almost \$980 million in foreign exchange last year.

[REDACTED] 25X1

**Specific Objectives  
During Hassan's Visit  
to US**

A special relationship has long existed between Morocco and the United States because of Rabat's generally pro-Western stance and moderation on Middle East issues. Rabat, nevertheless, has in the past upbraided Washington for not standing up forcefully against Moscow's machinations in the region and for failing adequately to back its friends. King Hassan believes a different climate now prevails in the United States and during his visit to Washington in December will promote closer bilateral ties.

[REDACTED] 25X1

King Hassan and President Reagan have never met, and Hassan will seek to establish a warm personal relationship with the President. Hassan values direct "private channels" to friendly heads of state and relies on this method of communication to carry on his most sensitive dealings, bypassing normal diplomatic channels. The cultivation of such a special relationship will be particularly important to Hassan now that his good friend Giscard is no longer in power in France. [REDACTED]

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The King is sure to raise Morocco's economic plight during his visit to Washington. He will probably request concessionary financial support and greater aid to help him deal with Morocco's serious grain shortage, which will persist through 1983. Although Morocco needs substantial assistance, the US Embassy in Rabat believes that as little as \$50 million in immediate economic support would have a positive effect and demonstrate US concern for Hassan's economic problems. In addition, the King may seek US training and technical aid in support of Rabat's plans to develop oil shale, fishing, and agriculture resources. [REDACTED]

The King was greatly pleased when the United States decided to sell<sup>25X1</sup> military equipment to Morocco last spring. He will probably ask for additional arms and equipment, especially airborne surveillance and

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advanced ground radar systems to support the country's military modernization program. Hassan will want concessionary financing in any arms deal, and he may request a rescheduling of current payments for arms and equipment. Hassan is also likely to push for more US training for Morocco's military forces, especially its air force. [redacted]

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The King probably will also want to enlist US support for his plan to bring peace to Western Sahara. He is likely to ask Washington to lobby in Algiers for continued cooperation—especially in light of the clash at Guelta Zemmur—and for Algeria to press the Polisario to cooperate. Hassan may also ask the United States to define the conditions under which it would recognize Morocco's claims to sovereignty over the territory, fearing the planned referendum might collapse. [redacted]

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