



**Director of
Central
Intelligence**

Secret

25X1

MASTER FILE COPY

**DO NOT GIVE OUT
OR MARK ON**

Prospects for Morocco

**Interagency Intelligence Memorandum
Memorandum to Holders**

Secret

*NI IIM 82-10004
July 1986*

Copy **468**

Page Denied

SECRET

25X1

MEMORANDUM TO HOLDERS OF
NI IIM 82-10004

PROSPECTS FOR MOROCCO

Information available as of 14 July 1986 was used in the preparation of this Memorandum, approved for publication on 15 July 1986 by the Acting Chairman of the National Intelligence Council.

SECRET

SECRET



25X1

CONTENTS

	<i>Page</i>
SCOPE NOTE	1
KEY JUDGMENTS	3
DISCUSSION	7
Review of the Economic Dilemma and Prospects for Recovery	7
External Relations	8
The Domestic Scene	11
Implications for the United States	14

SECRET

SECRET

25X1

SCOPE NOTE

This Memorandum to Holders is an update of NI IIM 82-10004, *Prospects for Morocco*, issued May 1982. In this paper, we examine those events and conditions that have developed since 1982 that could have a direct bearing on Morocco's stability and the future of US-Moroccan relations. Although this Memorandum is limited to a two-year outlook, it considers problems and possible developments that could pose dangers over a longer term. Emphasis has been placed on the strains in Moroccan society, and, while pertinent forces for stability have been considered, a fuller discussion of the historical and cultural factors for stability is presented in the original Memorandum.

25X1

Page Denied

SECRET

25X1

KEY JUDGMENTS

King Hassan II's proven ability to [redacted] galvanize public support, and maneuver against opponents should ensure his tenure on the throne over the next two years. Furthermore, he has continued his strict control of the armed forces and maintained [redacted] its loyalty to the throne during this period. Neither existing fundamentalist groups nor opposition political parties are capable of challenging the government. [redacted]

25X1

25X1

25X1

25X1

25X1

Nevertheless, the King is likely to have some difficulty maintaining the firm grip he has held on Moroccan society for the past decade. While Hassan will seek to improve relations, growing pressures on the King could prompt him to move in directions that could undercut US-Moroccan ties [redacted]

25X1

The economic ills that have plagued the country since the late 1970s and the stringent reforms—imposed by Morocco's creditors—have generated public discontent and an increase in antiregime activity. Prospects are bleak for significant economic recovery before the end of the decade, and we are concerned that the King will not take the risky steps necessary to restructure the economy:

- The country's indebtedness will necessitate strict austerity, requiring deep spending cuts in some politically sensitive areas.
- Economic growth will be disappointingly slow, adding burdens on the urban poor, a group prone to sudden violence.
- Expected levels of outside assistance, while essential to weathering the crisis, will not be sufficient to speed recovery significantly or ease hardships.
- A boost in export earnings from agriculture or phosphates could brighten this prognosis, but neither is likely in the next two years.
- Falling oil prices, dollar rate declines, and a good harvest this year have been a temporary boon, but they reduce pressure to hold the line on reforms. [redacted]

25X1

Popular disaffection, conditioned by high expectations in the 1970s, has spread to many segments of Moroccan society. The hardest

SECRET

25X1

pressed have turned in growing numbers to Islamic fundamentalism. Nonetheless, there is little organization among the fundamentalists, and no leader with broad appeal is likely to emerge. The King is a legitimate religious leader in his own right, and a revolution similar to Iran's is highly unlikely. However, the fundamentalist movement in Morocco will continue to prove troublesome for the regime:

- The majority of fundamentalist sympathizers are concentrated in major cities, where conditions over the next two years are likely to deteriorate, perhaps causing civil unrest.

25X1

25X1

We believe King Hassan is aware of the difficult road ahead and is seeking to lessen his vulnerability. A union with Libya in 1984—even at the cost of friction with the United States—and tentative steps toward better ties to the Soviet Union and Eastern Europe have been calculated to gain maximum foreign assistance and diplomatic support and the safest international ground from which to combat domestic pressures. The danger in this strategy is that it avoids addressing the roots of Morocco's socioeconomic predicament.

25X1

Rabat's alliance with Libya yielded some initial strategic and economic benefits. There is no question that Morocco has gained considerably from the removal of Libya as a major benefactor of the Polisario in the Saharan war. It is doubtful that the King expected much more than this from the unlikely "union," and he probably feels that he has already achieved his most immediate and pressing goals from the alliance. There have been a variety of economic benefits, but these are of secondary importance and have not reached the levels popularly hoped for. The union has been largely inactive over the past year and is unlikely to be revived anytime soon.

25X1

The union has aggravated Maghreb relations, pushing Algeria closer to Tunisia and into a defensive military posture toward Morocco and Libya. Although all sides are pursuing diplomatic options to contain

SECRET

SECRET

tensions in the Western Sahara dispute, the conflict is no nearer resolution and is likely to remain unresolved for the period of this estimate. [redacted]

There must be a significant increase in Morocco's internal problems before instability develops. We do not believe this is likely because the King's astuteness, [redacted] and the firm social anchoring of the monarchy are likely to contain domestic pressures during the next two years. In the unlikely event that Hassan dies or loses control, however, we think the following conditions are most likely to emerge:

- The survival of the monarchy but with powers substantially circumscribed.
- The accession of Hassan's oldest son ruling under strict guidance from palace counselors and military leaders.
- The continuation of Morocco's basic policies, tempered with greater responsiveness to popular demands, and possibly less orientation toward the United States [redacted]

We think there is only a remote chance that radicals hostile to the United States could wrest control of the country from established military and civilian groups or demand extremist reforms for the basically conservative, moderate majority of the population. Should this happen, US facilities and treaty relationships with Morocco would almost certainly be dismantled [redacted]

Hassan's union with Libya has strained Moroccan-US ties and additional stresses could develop:

- We do not believe King Hassan wants to dismantle US-Moroccan ties or to allow further erosion of cooperation. However, we believe the search for economic relief, for protection against the Islamic right, and for better position on the Saharan issue will continue to override with increasing frequency all other considerations.
- Moroccan officials are already sensitive about US aid levels and warming relations between Washington and Algiers.
- Should the Moroccan internal scene continue to deteriorate, King Hassan [redacted] [redacted] could hinder US access agreements, increase ties to Libya, provoke Algeria, or challenge Spain's control of its enclaves in Morocco, all of which could seriously compromise US-Moroccan relations. [redacted]

SECRET

SECRET

25X1

DISCUSSION

1. The basic factors influencing Morocco's stability have not changed dramatically since the publication of the Interagency Intelligence Memorandum in 1982. Some problems have worsened, however, and new developments have complicated the picture:

- Continued social, economic, and political difficulties over the past four years have increased the possibility for eventual major political change in the country.
- The popular unrest and dissident activity predicted in the 1982 Memorandum was manifest in widespread riots in 1982 and 1984, as unmet expectations and the hardships of austerity measures have worn down public tolerance. We believe Morocco's protracted economic difficulties and the political disaffection they are creating have produced significant new problems for the Moroccan regime, including the rise of the religious right. They have made more urgent the need for solutions to such longstanding problems as the Saharan conflict and the erosion of public trust in the country's political system.
- The King's initiation of a union with Libya in 1984 was a popular move and helped divert attention from domestic ills. The union has yielded strategic benefits for Morocco, but it has not been free of problems and by 1986 became largely inactive.
- A crackdown on both the left and the right opposition elements following major riots in 1984 has temporarily sidelined those activists. [redacted]

2. The persistence of the discontent generated by the socioeconomic predicament is forcing the King toward [redacted] solutions—such as the alliance with Libya—that carry their own risks and may further alter the reasonably stable, moderate pattern of Morocco's regional and international posture. [redacted]

Review of the Economic Dilemma and Prospects for Recovery

3. Prospects for the Moroccan economy appeared far better in the early 1970s when economic growth and development were apace or ahead of population growth. The popular and official expectations generated then have contributed to Morocco's current problems. Overly ambitious development spending in the 1970s, then the collapse of the world phosphate market, and a persistent drought that began in 1979, stifled the economy. Heightened popular expectations made belt-tightening an especially perilous undertaking. Consequently, efforts to correct the economy have been switched on and off in reaction to popular outbursts, thus slowing the rate of recovery and hampering efforts to lower expectations. These problems have been exacerbated by a widening gap between rich and poor, massive unemployment and underemployment, and a tradition-bound political system [redacted] [redacted] distrusted by the average citizen. [redacted]

4. At the heart of Morocco's economic dilemma is the rapid population growth that has nullified the minimal economic advances of the past four years. The growth rate of approximately 3 percent per year continues unabated, despite efforts to expand population control programs. The country's population will be about 40 million by the turn of the century. The population is predominantly young (over half are under 20 years old), increasingly literate, and inclined to abandon the traditional life of the countryside for the seeming promise of a modern urban setting, where overtaxed public services, inadequate housing, and poor employment opportunities are quick to breed political dissatisfaction. [redacted]

5. *Economic Outlook.* We estimate that real GDP growth will be about 3 percent through 1986—a slight improvement over 2.5 percent during recent years—but a rate of expansion insufficient to deal with the growing unemployment problem. The small improvements in economic performance over the past several years have largely been in the agricultural sector,

25X1
25X1
25X1

25X1

25X1
25X125X1
25X1

25X1

SECRET



25X1

which remains vulnerable to drought conditions only periodically alleviated during the past five years, including 1986.

25X1

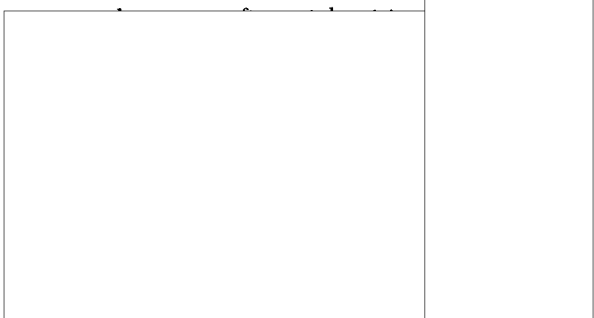
6. The prospects for economic recovery through the remainder of the decade are not good:

— The continuation of this year's favorable weather could mitigate this prognosis, if it prevails for a number of years.

25X1
25X1

— Although Morocco has considerable potential in phosphates, oil shale, and fish, it is unlikely to be able to develop the latter two in the near term. The phosphate market will remain weak over the next two years and Morocco will face a more competitive market in phosphates even if prices rise significantly. Without its key foreign exchange earners—agricultural products and phosphates—driving a recovery, Morocco has no prospects for relief in the near term.

— Assistance from its traditional aid donors—Saudi Arabia, the other Gulf states, France, and the United States—will be a critical factor in Morocco.



7. Continued austerity will be required into the next decade if Morocco is to right the economy. As a result, only marginal economic growth and no improvement in the standard of living can be expected. With limited financial reserves and a debt service ratio that has reached 60 percent in 1986, Rabat has no alternative but to seek continued debt relief, which may only be forthcoming if the targets in the austerity program are met. Morocco's commercial and official creditors are working together and with the International Monetary Fund (IMF) to require Morocco to adhere to the austerity program and to strict financial restructuring. Backtracking on reforms led the IMF in June 1986 to declare that Morocco had violated its agreement, and, unless it is able to resuscitate its agreement with the Fund, Morocco's ability to obtain further rescheduling or other additional resources will be jeopardized.

8. Full adjustment will involve significant additional belt-tightening by the Moroccan public, a partial

dismantling of the popular free universal educational system, and a major trimming of an ambitious military modernization plan. These reforms carry with them a high risk of popular outbursts, which we believe are likely to be more intense and widespread than the violence that has erupted since 1982. This, in turn, will broaden opportunities for opponents of the regime

External Relations

9. King Hassan is aware, in our view, of the risks before him. He has not tackled Morocco's economic dilemma directly, however

25X1
25X1

On the other hand, the King likes to deal with foreign policy issues and in this arena has undertaken changes since 1982

25X1
25X1

10. King Hassan proposed a union with Libya in 1984 in order to blunt Libyan involvement with the Polisario and to gain other political and economic benefits from Qadhafi, who has occasionally given generously to Arab leaders for accommodating his passion for Arab unity. We believe Hassan viewed the arrangement as a tactical alliance that, like other Arab unity efforts over the last decade and a half, have never involved meaningful political integration or common defense and security policy. Indeed, Hassan has been able to gain some benefits for Morocco while successfully avoiding anything more than the trappings of an actual merger.

25X1

11. Luring Libya away from the Polisario has been an important success for Morocco:

— Although Algeria—the guerrillas' chief supporter—has partially compensated for the withdrawal of Libyan financial and arms aid, Libya's change in allegiance hurt Polisario morale and has reinforced the guerrillas' dependence on Algiers, which continues to keep a tight hold on their activity and strategy. This has had little impact on the military balance and has upped the cost to Algeria.

25X1

— Libya's withdrawal also removed a radicalizing influence—however small—on the guerrillas and continued Libyan arms support.

25X1

12. The economic benefits of the union for Morocco have fallen well short of King Hassan's the potential yield of the merger, but, we

25X1
25X1
25X1

SECRET



Qadhafi and King Hassan

believe, they have generally satisfied Hassan's limited expectations:



— Libya has become a larger purchaser of Morocco's agricultural exports, and opened its markets to Moroccan businessmen. Another benefit of the union has been Libya's employment of about 20,000 Moroccan workers.

13. King Hassan's calculation of the negative consequences of the union with Libya is far less clear than the gains he hoped to make. The King:

— Clearly anticipated a setback in his relations with the United States, and a possible improvement in US ties to Algeria, Morocco's chief regional rival. Hassan probably did not foresee the depth and persistence of US opposition.

— Made his overture to Qadhafi in the wake of two years of disappointment over US assistance to Morocco in a period of increasing need.

— May also have calculated that US geopolitical interests in Morocco and the array of important US agreements with his nation ensured that negative repercussions would not be allowed to go beyond certain limits.

14. Whatever the exact cost-benefit calculations, we believe King Hassan, and others who supported the merger, view the initiative as a reasonable success and are prepared to maintain the arrangement as long as it continues to serve Morocco's interests. The relationship has survived the strains and embarrassments that were bound to arise in a marriage of convenience between regimes of such different orientation. The security hazards the Moroccans face as the result of a sizable influx of Libyans are being monitored, but thus far have not altered the Moroccan attitude that such risks are tomorrow's problem and are, in any case, a necessary gamble for partial alleviation of today's pressing needs.

15. Qadhafi is unlikely to overturn the merger in the wake of his deepening isolation as the result of the US raids even though he has gained only marginally from the arrangement. The initial rapprochement with Morocco in 1983 was encouraged by the Saudis, and the union a year later was wholly King Hassan's idea. For Qadhafi, the union has been a manifestation of his personal commitment to Arab unity and an unexpected opportunity to end Morocco's support for Libyan dissidents.

Qadhafi has failed, however, in his primary objective of enlisting Morocco into his anti-US campaign and was frustrated by Morocco's lack of concrete support in the aftermath of the US raid on Libya.

16. Both leaders have exhibited surprising tolerance toward one another so far. However, over the last year, the relationship has become moribund and we expect this to continue, largely due to the sheer weight of the incompatibilities between the two countries.

17. We believe there are circumstances under which the union would be likely to collapse abruptly and openly. These include:

- Moroccan discovery of Libyan subversion or resumption of significant aid to the Polisario.
- Libya's infringement on or efforts to undermine Morocco's defense policies or relations with the United States.

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

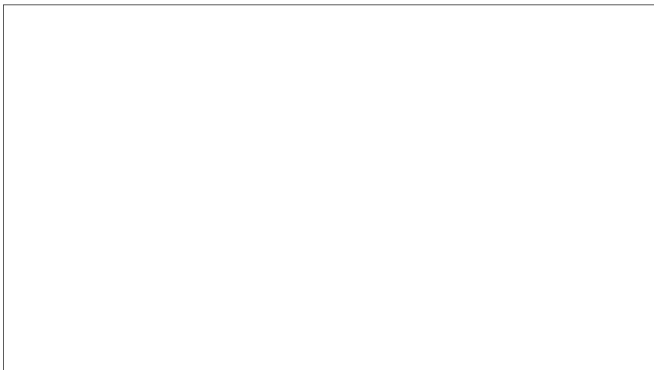
25X1

SECRET



25X1

— Libya's discovery of a resumption of Moroccan collaboration with Libyan dissidents.¹



19. *The Union and Shifting Alliances in the Maghreb.* Libya's diplomatic abandonment of the Polisario Front in favor of the merger with Morocco has been a significant blow to the Front and, thus, Algeria. In reaction, the Algerians are strengthening their military capabilities on borders with Morocco and Libya, have replaced Libyan aid to the Polisario, and have drawn closer to Tunisia, both to protect Tunis against Libya's periodic menacing and to counter the Rabat-Tripoli alliance which, from the Algerian perspective, now has a sphere of influence in Mauritania and Chad that wholly surrounds Algeria and Tunisia.

20. We do not believe that Morocco's relationship with Libya or the merger's temporary polarization of the Maghreb states will alter Algeria's longstanding view that—despite its traditional rivalry with Rabat for predominance in North Africa—a stable Morocco best serves Algeria's fundamental interests. President Bendjedid, even more than his leftist-oriented predecessor Boumediene, appears committed to the view that Algeria's prosperity and development depend on a stable Maghreb, free of superpower involvement. It is unlikely, therefore, that Algeria will attempt to undermine the union by any means that would destabilize Morocco internally. Algerian efforts in early 1986 to develop a rapprochement with Tripoli had, as Algiers intended, a chilling effect on Libyan-Moroccan relations and may stifle the worst aspects of the union from Algeria's perspective.

21. We are less certain, however, of Algerian reaction to a marked deterioration in Morocco caused by domestic unrest, particularly under circumstances in which Libya might have an advantage in manipulat-

¹ *The Director, Bureau of Intelligence and Research, Department of State, notes that Libya has never broken any of its so-called unions with another Arab country, even in cases as with Egypt or Tunisia of near armed conflict*

ing events. Faced with these conditions, Algiers might feel compelled to take more direct action to influence political forces inside Morocco.

25X1
25X1
25X1

22. *The Saharan War.* Moroccan-Algerian rivalry over their common frontier and hegemony predates the Saharan dispute and will probably outlast it. Morocco's 10-year-old struggle to acquire the Western Sahara will remain the touchstone in Moroccan-Algerian relations and the arena in which any significant escalation in tensions between them is likely to take place:

— The struggle is also an increasing burden on Morocco because of its financial difficulties, but one so infused with national feelings that the regime cannot afford without serious domestic risks to scale back its military campaign or make the compromises necessary for a quick political settlement.

— The conflict is no nearer a military or political solution than it was in 1982, although the diplomatic and military fortunes of both Morocco and the Polisario Front have changed since the publication of the Interagency Intelligence Memorandum.

25X1
25X1

23. The Moroccan strategy of walling in the disputed territory through a system of fortified barriers or berms has been militarily successful but costly.

25X1
25X1



Although Rabat's severe financial difficulties have thus far not seriously hampered its ability to prosecute the war,

25X1
25X1

The operational readiness of the military has been gradually degraded, and of greater concern to the Moroccans, the modernization of the armed forces has not kept pace with the Algerian military, contributing to a shift in the military balance in Algeria's favor.

25X1
25X1

24. These costs will not alter Rabat's approach to the conflict in the near term nor are they likely to create any significant military vulnerability for Moroccan forces, as long as Algeria does not substantially escalate its support for the Polisario. However, over the long term, Morocco probably cannot afford to pursue vigorously its strategy of berm defense.

25X1
25X1

SECRET

25. The strategy of the Polisario and Algeria is to wear down Moroccan will and eventually make the financial and diplomatic costs sufficiently heavy to force King Hassan to compromise. For the next year, the Polisario is likely to wage the war as they have over the past two years: near-daily guerrilla harassment of the berm, accented every few months by a larger assault intended to breach the wall and inflict maximum casualties. [redacted]

26. Neither Morocco nor the Polisario will be able, in our view, to break the current deadlock if they continue to pursue their respective strategies. Joint UN-OAU sponsored talks among Morocco, Algeria, and the Polisario, although unlikely to produce any significant movement toward a settlement, will give all sides a clearer reading of each other's willingness to compromise and thus provide a new baseline from which the tactics of all sides will be formulated. As long as the talks continue, a significant escalation of hostilities is unlikely. Indications in mid-1986 that both Rabat and Algiers may be interested in revitalizing the near moribund settlement process do not reflect, in our judgment, any substantial weakening in the objectives of either side, and thus hold little promise that durable progress is in the offing. [redacted]

27. Should Algeria decide to escalate the conflict either because of Polisario losses or because the stalemate had become intolerable, it might choose to support an increase in the frequency and size of direct Polisario assaults inside the berm; or engage directly in covert military activities. Also possible but less likely, Algiers could authorize the Polisario to use terrorist tactics inside Morocco, or allow the Polisario to enter Morocco directly from Algerian territory to the north of the berm, [redacted]

The Domestic Scene

28. King Hassan's handling of Moroccan foreign policy has been popular and fairly successful in diverting public attention from economic concerns:

- Moroccans broadly welcomed the union, not because of any special affinity for Libya, but because of the economic opportunities it offered.
- Advances on the ground in Western Sahara also buoyed national spirit, which is deeply invested in the drive for complete sovereignty over the territory. [redacted]

29. This salutary effect has already begun to dissipate, however, as the realities of economic austerity have become sharper and the exaggerated promise of

the Libyan union has assumed more realistic proportions. Moreover, successes in the Sahara have been a double-edged sword: the average Moroccan now believes the struggle is virtually won, thus leaving King Hassan with little room for gaining additional popular credit. He still, however, faces the escalating burden of the campaign and the hurdle of a final settlement, which will almost certainly require a potentially unpopular compromise on Morocco's part. [redacted]

30. King Hassan is a master at distracting public attention, galvanizing support, and maneuvering against his opponents. [redacted]

31. The exploitation of any of these issues could complicate US-Moroccan relations, and, under the worst circumstances, could elicit strong anti-American feelings, particularly if grumbling over US assistance levels continues to fester. [redacted]

32. *Potential Political Challenges.* Little has changed among Morocco's established opposition political parties since the publication of the 1982 IIM. None, including the legalized Communist and Socialist parties, is capable of seriously challenging government policies or of channeling popular discontent toward constructive political actions. Most of these groups are part of the elite political system [redacted] and thus have little standing as popular, representative bodies. The appeal of Islamic fundamentalism has broadened substantially since 1982 as the process of modernization and economic uncertainty have alienated large numbers of Moroccans. [redacted]

25X1

25X1
ZUA I

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Page Denied

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

SECRET

[Redacted]

25X1

25X1

25X1

25X1
25X1

25X1
25X1
25X1
25X1

25X1

25X1
25X1

25X1

25X1
25X1

[Redacted]



Driss Basri

40. These brakes on the development of a popular religious upheaval will not, in our view, shield the regime from other potentially destabilizing affects of fundamentalism. In Morocco, religious sentiment is easily linked to secular issues, and as the host of current economic and political grievances become increasingly subsumed under the banner of Islam, the King's maneuverability will shrink.

[Redacted]

43. Since Dlimi's death, King Hassan has turned increasingly to Minister of Interior Driss Basri, who is now widely regarded as the second most powerful man in Morocco. Basri is not from the military, which is the best indication of the King's own concern about having a counterbalance to the military and his suspicion of its reliability. Basri does have control over the police, security and intelligence services, and the civil guard, and was recently awarded the politically sensitive Ministry of Information.

[Redacted]

41. **The Reliability of the Military.** King Hassan's careful management of the Moroccan military establishment since the coup attempts of the early 1970s will continue

[Redacted]

[Redacted] we believe this approach will perpetuate the officer corps' investment in the status quo and its loyalty to the throne.

[Redacted]

44. Morocco's economic problems will require extraordinarily skillful handling if unrest in the military is to be avoided. The shortage of funds will almost certainly, during the period of this estimate, jeopardize military benefits and possibly operations in the Sahara and thus may markedly increase dissatisfaction in the officer corps. Furthermore, sustained civil unrest, stemming from mounting economic hardship, would test military loyalties. We believe that the senior leaders of the military would act preemptively to restore order

[Redacted]

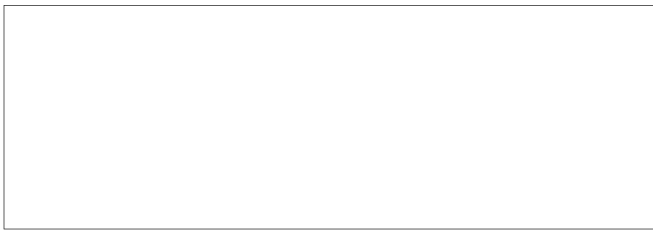
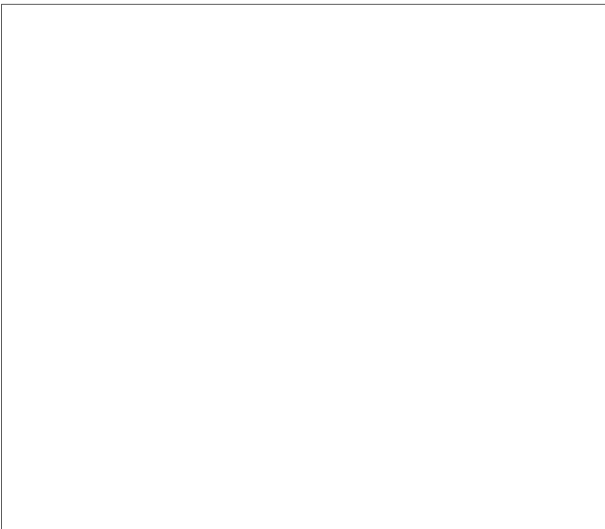
[Redacted]

45. The Moroccan military generally endorses King Hassan's pro-Western policies, which coincide with US interests in the region. Nevertheless, closer US-Moroccan ties, initially well received in Morocco, have become the focus of criticism by some officers, who feel that levels of US assistance are not adequate to meet the country's needs. They are also questioning


SECRET

SECRET


25X1
25X1



Implications for the United States


49. US-Moroccan relations are likely to remain strained over the period of this estimate. Even if Rabat's ties to Libya rupture or continue to recede in importance, several problems are likely to plague the relationship over the next two years. 

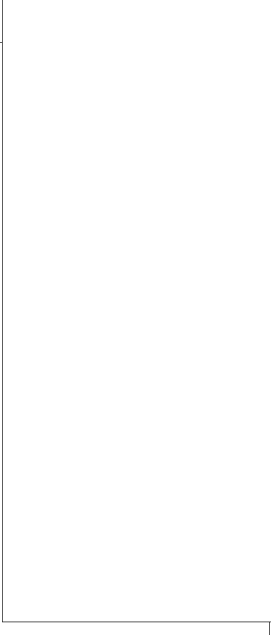
25X1

50. The country's economic problems will make Moroccan officials especially sensitive to US aid levels and quick to blame the political fallout from financial hardships on outside forces, including the United States. The spread of fundamentalist sentiment, fueled by social and economic ills, is likely to involve an anti-Western and anti-US current and thus push King Hassan to distance himself from Washington at least on issues with high visibility. 

25X1


25X1

more vigorously the value of US-Moroccan military access and transit agreements as Morocco's financial difficulties slow the influx of new military materiel. 


46. **Succession and Stability.** In the event of death or disability of the monarch, we believe the throne would pass to King Hassan's designated successor, 21-year-old Prince Sidi Mohammed. 

25X1

25X1

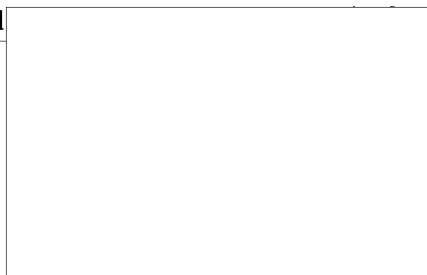
51. Morocco's union with Libya has added a substantial element of uncertainty and strain in a relationship that has traditionally been one of Washington's strongest in the Arab world. We believe that King Hassan, while prepared to accept some loss of Washington's confidence for tactical benefits from Libya, will work to protect Washington's strategic and treaty interests in Morocco, as long as US assistance does not erode substantially and he does not feel unduly punished for Morocco's friendship with an avowed US enemy. 


25X1

52. A significant warming in US-Algerian ties—particularly one marked by a substantial arms sale to Algiers—would likely cause Rabat to undertake a serious review of its ties to the United States. We do not believe Hassan would necessarily dismantle Moroccan-US relations; his reaction would depend on the recent yield of the relationship with Libya, the extent of the US commitment to Morocco, and the press of Morocco's domestic difficulties. Nevertheless, a risk exists that Hassan would reduce cooperation with the United States and possibly seek closer ties to Eastern Europe and the Soviet Union.² 

25X1

25X1

48. We believe that most officers would support Sidi Mohammed 


² The Director, Bureau of Intelligence and Research, Department of State notes that in the past, King Hassan's reaction to improved US-Algerian ties has been largely to promote even closer relations between the United States and Morocco and to argue for more US assistance to preserve the regional balance. Short of US adoption of the Algerian position on the Western Sahara, the King is likely to continue to follow this pattern. 


25X1


SECRET





25X1


53. Rabat's relations with Moscow and the Bloc have been given greater visibility in the last year. Moscow already has a substantial investment in Morocco's phosphate industry, and a Soviet-Moroccan trade accord signed in 1984 was given such a favorable endorsement as to suggest a Moroccan willingness to undertake closer ties. Rabat's greater attention to Moscow and the East Europeans is also an effort to cultivate diplomatic support on the Saharan issue. King Hassan courted the Soviets in the 1960s and probably recognizes that closer ties to them would not solve Morocco's long-term financial problems but could enhance Morocco's nonaligned credentials and give it better position in its diplomatic competition with Algeria. 

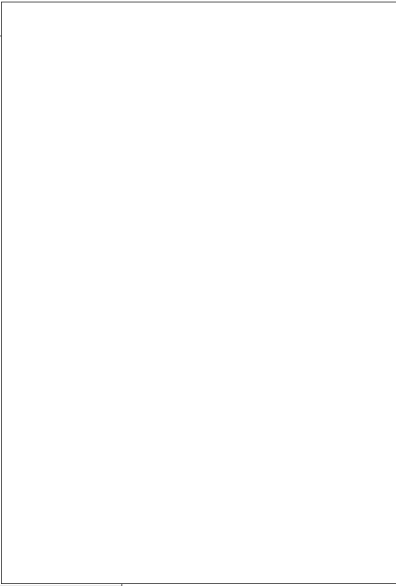
54. We believe Hassan will proceed cautiously in what appears to be a warming in Moroccan relations with the Soviet Union and Eastern Europe. His objectives will remain limited to lobbying for support on the Western Sahara and gaining practical economic help through increased trade and development assistance. Nonetheless, a Moroccan-Soviet courtship—no matter how tentative—will give the appearance of flagging Moroccan confidence in Washington. 

55. US interests are not directly at stake in the Western Sahara dispute. However, the continued stalemate and escalation in Algerian-Moroccan tensions will adversely affect a range of indirect US interests. To the extent that the United States is identified as favoring either of the two main antagonists—Rabat and Algiers—Washington has become a focus for their competition. In the current circumstances, this has hindered the development of closer ties to Algeria and increased the risks in managing US-Moroccan relations. 

56. We believe that in general Morocco will continue to pursue moderate, constructive policies that will frequently coincide with or support US interests in the Middle East and Sub-Saharan Africa. With respect to the Arab-Israeli dispute, we suspect that Rabat will look increasingly to Western Europe and other Arab moderates in tailoring its position on specific issues, while still maintaining its overall endorsement of US peace efforts 


57. Continued economic problems in Morocco and the unrest it will foster could pose a variety of dangers for US interests in the future. Under mounting domestic pressure, King Hassan may feel compelled to undertake steps that could significantly erode relations with the United States. These might include, in order of declining probability:

- Placing conditions on access agreements with the United States that would make them unworkable.
- Agitating tensions with Algeria in order to rally national solidarity, and in so doing, try to push the United States to take Morocco's side or risk its treaty relationship with Rabat.
- Accepting substantially increased assistance from Libya, should Tripoli be in a position to extend it, in exchange for bringing Rabat's policies in closer parallel to Tripoli's.
- Fomenting nationalist sentiment over Spanish enclaves in Morocco and again put the United States in a difficult position with two friendly states.
- Accepting Libyan-supplied Soviet arms or negotiating an arms package from the Soviets directly. 

58. A dramatic transformation of the Moroccan political framework is not likely unless King Hassan passes from the scene. 

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Page Denied