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Research Report

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SWP Comments, No. 6/2014

Provided in Cooperation with:

Stiftung Wissenschaft und Politik (SWP), German Institute for International and Security Affairs, Berlin

Suggested Citation: Masbah, Mohammed (2014) : Morocco's slow motion reform process: The tug of war between the palace and the Justice and Development Party, SWP Comments, No. 6/2014, Stiftung Wissenschaft und Politik (SWP), Berlin

This Version is available at:

<https://hdl.handle.net/10419/256274>

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Morocco's Slow Motion Reform Process

The Tug of War between the Palace and the Justice and Development Party

Mohammed Masbah

The October 2013 government reshuffle in Morocco marks the latest round in the drawn-out tug of war between the Palace and the Justice and Development Party (Parti de la justice et du développement, PJD), which heads the ruling coalition. The Palace came out as the clear winner, and thereby managed to roll back some of the limited concessions granted in response to the protests in early 2011. Regional dynamics – support from the Arab Gulf monarchies and authoritarian reconstruction in Egypt after the July 2013 coup – and the dispute between the PJD and its coalition partner, the Istiqlal (Independence) Party (Parti de l'istiqlal, PI), worked to the Palace's advantage. Even though the relation between the PJD and the Palace has ameliorated considerably compared to one decade ago, the Palace's strategic aim is to weaken the party while at the same time using it to stabilize the regime. In the short term, and as long as the PJD is able to retain popular support, it will remain in office and retain a limited margin of maneuver for reform. Profound political reforms as well as structural socio-economic and judicial reforms, however, are likely to be postponed to the mid to long term. European Union policy makers should use the EU's long and close relations with the Palace to encourage it to allow more substantial reform and cede power to the elected government.

At first glance, the Moroccan government reshuffle of 10 October 2013 might seem as a minor bump in the road. Yet it came after a government coalition crisis that lasted for nearly six months. It is significant not only with respect to the relationship between Morocco's strongest political party – the moderate Islamist PJD – and the Palace, but also with regards to the prospects for a democratic transition. What first looked like a withdrawal of the monarchy from executive power in 2011 now appears much

more like a temporary retreat in the face of the wave of protest that shook the Moroccan regime in early 2011, which has now been all but reversed.

Royal arbitrage

The decision of the new PI leadership to withdraw from the coalition government – which had been formed after the 2011 elections by the PJD (107 of a total of 395 seats), along with the PI (60), the Popular Move-

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ment (32), and the Party of Progress and Socialism (18) – provided the opening for the monarchy to return center stage through the PJD’s coalition partners. Right after he was elected in January 2013, the new Independence Party’s Secretary-General, Abdelhamid Chabat, had adopted an assertive stand vis-à-vis his coalition partner PJD. Based on a conservative interpretation of article 42 of the 2011 constitution, which invests the King with the authority to be “Supreme Arbiter between the institutions,” the PI’s new leadership called upon the King to arbitrate in the dispute with the PJD. The latter argued that article 42 makes the King arbiter between “institutions,” that is, the three branches of government (executive, legislative, and judicial), rather than between political parties, and described the proposal as “blackmail” by the PI’s new leadership.

On the surface, the King remained aloof of these struggles, leaving the country for two months (May and June) in the midst of the crisis and later criticized the bickering parties in a speech in August without coming down on either side. Yet, given the monarchy’s long history of devising strategies of divide and rule – and the benefits it draws from appearing as a non-partisan arbiter between the political camps – some analysts suspected that circles close to the Palace had a hand in the PI’s decision to withdraw from government in the first place. This interpretation is backed by strong indications that some circles in the Palace influenced internal party elections in the PI, as well as in the Socialist Union of Popular Forces respectively, to install leaders who would not cooperate with the PJD, even against the mood in the parties.

The price of governing

Initially, the PJD showed no public reaction to the PI’s withdrawal. Eventually, in early November, Prime Minister Abdelilah Benkirane came out with a positive evaluation of the coalition breakup, stating that the relations between the coalition partners and

the new PI Secretary-General had reached an impasse. The breakup left the PJD – as the strongest party in the Moroccan parliament – with only two options: to form a new coalition with different partners, or to go for early elections.

On the one hand – from a technical, financial, and political perspective – early elections appeared as a far too expensive option for the Palace and the PJD. There were different reasons for this: technical and logistical preparations would have required at least six months – at a cost of at least 700 million MAD (around 85 million USD) – leaving the country adrift and discouraging investors amidst a difficult economic situation. Politically, the Palace was concerned over massive potential gains for the PJD or a very low turnout, and the PJD was concerned about potential electoral fraud. At the same time, a minority government would have threatened instability.

On the other hand, only two other parties had enough seats to substitute for the PI and thus form a new parliamentary majority, both of them being parties that were created by royal advisors or their networks: the Authenticity and Modernity Party (Parti Authenticité et Modernité, PAM), with 47 seats in parliament, and the National Rally of Independents (Rassemblement National des Indépendants, RNI) (52 seats). Given their long history of mutual animosity and ideological differences, a coalition between PJD and PAM was unlikely. The RNI, as a party of businessmen who do not care about ideology, seemed the better choice, even if the PJD and the RNI are considered bitter rivals.

As a consequence, the PJD was obliged to make painful concessions to remain in government. In July 2013, Benkirane started coalition negotiations with the RNI. This decision was accompanied by strong internal controversy as well as public debate. After all, the RNI had been a leading force in the anti-PJD campaign by an eight-party coalition during the 2011 parliamentary elections termed mockingly as the “G8”.

Also, accusations of corruption against RNI Secretary-General and former Minister of Finance Salaheddine Mezouar were seen as potentially compromising the credibility of the Islamist party in its fight against corruption, which was one of the PJD's major political platforms. The cabinet reshuffle also implied the loss of important posts. Namely, the foreign ministry went to the RNI, whereas other PJD ministers were relegated to less influential positions. The most striking development was the entrance of several non-partisan, pro-Palace technocrats into the cabinet. The Palace and the Palace-backed RNI thus were the eventual winners of the cabinet crisis and the reshuffle.

PJD-Palace relations

To comprehend the nature of relations between the PJD and the Palace, it is important to highlight three main issues: (1) perceptions, (2) the constitution and its interpretation, and (3) conflicting interests.

The PJD leadership believes that any substantial political achievement has to be based on a strategic consensus with the Palace. Their participation in government has enhanced this conviction, even though it has been quite a difficult undertaking, given the Palace's perception of Islamists in general – and the PJD in particular – as competitors to the King's religious authority, in addition to the latter's insistence on remaining the ultimate political arbiter and reference. As a consequence, the relationship between the Palace and the PJD has been oscillating between tense periods – when elections approach – and less tense periods over the past decade, and trust-building has been a laborious process, despite the party leadership's repeated reassurance of loyalty to the monarchy.

The 2011 constitutional amendments shifted the balance of power between the King and the government by giving the latter more competencies. For example, according to the 2011 constitution, the head of government has to be chosen from

the party that wins the parliamentary elections. He has the right to appoint more than one thousand senior officials directly, whereas all other senior officials have to be proposed by the respective ministers, accepted by the PM, and can only then be nominated by the King. The text does, however, contain many ambiguities and does not substantially diminish the King's power – for example, he remains the head of the ministerial council, which takes strategic decisions.

Curiously, even though the Palace is not even mentioned in the constitution with regards to day-to-day policy-making, the King and his advisors play a pivotal role in decision-making. They do so through an intricate web of influence and allegiances spun between the Palace, the Moroccan elite, and key institutions, the so-called *Makhzen*, which wield influence on strategic decisions and mediate between actors – and at times sabotage governments. Since these relations are entirely informal, the exact influence is impossible to gauge, though it is a common perception in Morocco that royal advisors wield more power than ministers. Thus, if government officials desire to achieve results, they need the consent of the royal advisors, who function as the gatekeepers of the Palace and can provide shortcuts to political achievement as much as they can obstruct them – through media campaigns, over-taxation of private companies, pressure on judges, and disciplinary measures against officials such as relegation, etc.

Prior to his appointment as head of government, Benkirane had declared that there would be no mediators between him and the King. Yet, in practice, he and his coalition partners remain obliged to pass major initiatives through the royal advisors, who retain the power to put sticks into the wheel of the government's work, particularly when the *Makhzen's* economic and symbolic interests are at stake.

Conflicting interests

Conflicts of interests have become obvious several times during the last two years. At the economic level, two examples illustrate these conflicts. First, in May 2012, the PJD Minister of Equipment and Transport, Abdelaziz Rabbah, started to publish lists of individuals benefiting from inter-city transport licenses – many of which are granted as royal favors to artists, football players, local notables, etc. This mostly symbolic move, presented as part of a broader project to combat the system of patronage and enhance transparency and competition, was harshly criticized as populist by several pro-Palace parties and their media outlets. Many top officials have benefited over the years from such non-competitive licensing practices, not only in transport, but also in fishing, sand quarries, real estate, etc. This instrument has also been used as a tool of patronage and for buying off local notables and businesspeople. The initiative thus threatened their interests.

Second, in June 2012, three PJD deputies representing the northern city of Tangiers were disqualified and lost their seats in parliament through a decision of the Constitutional Court. Nominally, the mandates were withdrawn because the PJD's campaign posters featured a mosque in the background, and were therefore interpreted by the court as using religious symbols against the rules. However, the decision was widely interpreted as a message to the PJD Minister of Governance, Najib Boulif, likewise from Tangier, and seen in the context of his project to reform the system of subsidies, the so-called compensation fund. Invalidating the three parliamentary nominations was therefore interpreted as a signal from the *Makhzen* that the reform ought to be shelved. With an overall value of up to 50 billion MAD (around 6.1 billion USD), the fund represents 6 percent of Morocco's GDP. It provides subsidies for basic necessities, such as cereals and sugar as well as petroleum products. In 2012, it absorbed almost 20 percent of state revenues. The main approach of the reform

project is to gradually substitute the subsidies through direct cash transfers to poor families as well as wage increases.

The reasons behind the resistance to such reforms can be understood at three levels: (1) the reform threatens to undermine the *Makhzen*'s economic interests, as many of the royal or pro-Palace companies are directly or indirectly benefiting from the compensation fund; (2) the reform might entail destabilizing effects for the regime in case of dramatic price increases; and (3) the reform can be interpreted as a golden gift to the PJD, as the PJD government would provide cash transfers to millions of Moroccans for the first time, which would immensely increase its popularity.

At the political and symbolic levels, several standoffs between the government and the *Makhzen* have occurred over the last two years. The most remarkable one took place in August 2013, when, on the occasion of Spanish King Juan Carlos' official state visit, King Mohammed VI issued a royal pardon for 48 Spaniards imprisoned in Morocco. One of the pardoned was Daniel Galván Viña, a pedophile convicted of raping and filming 11 children. When the lawyer of one of the raped children from the Moroccan Association of Human Rights made the pardon public, public outrage ensued, leading to several protests against the King's decision within a week's time. At the same time, the PJD Minister of Justice and Freedoms, Mustapha Ramid, issued a statement pointing out that, according to article 58 of the constitution, royal pardons are the exclusive prerogative of the King, while at the same time denying that his ministry had any relation to the issue. In reaction, some Islamist intellectuals escalated their demands, calling for a far-reaching reform of the monarchy, increasing the transparency of its decision-making and budget, and clarifying the responsibilities of positions and functionaries. Although the Palace, for the first time in its history, immediately retracted the pardon, the royal entourage was enraged about the way the government had dis-

tanced itself, leaving the King to face direct criticism and an upsurge of mass protests for the first time since the 2011 demonstrations.

Pragmatic politics

In sum, the Palace has not attempted to completely stall the PJD in government. Rather, it has sought to control the speed of reforms and has interfered only when reforms appear to directly or indirectly affect royal interests. It has supported measures that are of mutual benefit. For instance, it has lent its full support to the reform of the justice system – one of the strategic projects that both the PJD and the Palace prioritize. Also, in July 2013, the King honored Mustapha Ramid for his efforts of justice reform.

In turn, as with all other legal political parties, the PJD has adapted itself to the rules and limits set by the *Makhzen*. It has, in the last two decades, gone through a series of political and ideological adaptations that bespeak pragmatism, such as the acceptance of the monarchy, the self-limitation of its participation to a limited number of districts, the acceptance of the interior ministry's supervision of elections, etc. During the 2011 protests, the PJD neither called for participation nor condemned the movement. And while some of its leaders and youth members participated in the protests in their individual capacity, the party, by not joining them, prioritized stability over what it described as an "uncertain adventure," and took care not to undermine the trust it had been trying to build with the Palace.

The government's achievements

Buoyed by the political successes of Islamist parties in Tunisia and Egypt, in 2011, the PJD had waged an ambitious electoral campaign that concentrated on fighting corruption and authoritarianism, redistribution of wealth, and economic development. The PJD-led coalition then proposed a govern-

mental program in which it stressed, above all, the strengthening of the rule of law; decentralization; good governance; the building of a strong, diversified, competitive, and productive national economy, guaranteeing an equitable distribution of wealth; and the development of a social program providing for basic needs. In the Moroccan public, four main areas of reform received special attention: the compensation fund, the judiciary, the retirement system, and the tax system. These reforms would not only be significant to improve citizens' well-being, but they would also imply a shift from a rentier economy to a more competitive and productive economic model and good governance.

Given the complexity of the Moroccan political sphere, the variety of actors intervening, and their conflicting interests, the reform process has been in slow motion. It has, on the one hand, been delayed because some reforms need prior or parallel reform in other areas. For example, this is the case with the tax reform that needs to build on the integration of the informal sector – which employs around 30 percent of the workforce and contributes an estimated 44 percent to the GDP – into the formal economy. Such an endeavor would possibly trigger strong discontent among millions of Moroccans who do not see any incentives to participate in the formal system of production. On the other hand, and as elaborated above, any reforms seen as detrimental to the interests of the Palace and its clients have been liable to face stiff resistance, and would likely be shot down.

However, the PJD's experience in government is not one of complete failure. Rather, it has managed to carry out a number of reforms in the fields of the judiciary, higher education, and social solidarity, and to realize a measure of political and socioeconomic achievements.

The PJD has also constantly emphasized its role in stabilizing the regime in a shaky region, not least by integrating large numbers of Moroccans into politics in a fashion that has improved rather than undermined

stability. Thus, the party has been credited for its role in containing the street protests that shook the regime in 2011, among other means by adopting measures that previous governments hesitated to take, such as salary cuts for protesters in the public sector. The government also prides itself for having created a new atmosphere in politics that is attractive to – rather than detached from – citizens. Through his communication skills, Benkirane emerged as a TV personality who achieved record numbers of viewers, and thanks to him, many Moroccans became interested in politics for the first time.

By preserving stability, so the PJD leadership argues, it has actually served the Moroccan economy and attracted foreign investment. For instance, in 2012 the French vehicle manufacturer Renault installed a giant, 1.5 billion USD plant in Tangiers, where it will manufacture around 150,000 cars annually. Likewise, in February 2013, the Canadian aircraft manufacturer Bombardier established a plant in the free zone area of Casablanca to manufacture airplane components. Such investments contributed to an overall increase in foreign direct investment of some 25 percent in the first half of 2013, compared to the same period in 2012, and made Morocco number one in North Africa with regards to FDI growth.

Social measures were also implemented. For example, the PJD Minister of Higher Education and Scientific Research, Lahcen Daoudi, earmarked 1,250 million MAD (some 152 million USD) for university student scholarships. In 2012 and 2013 his ministry created more than 100,000 new scholarships and increased the amount of scholarships by 70 percent. Hence, today some 250,000 university students – of a total of 400,000 – benefit from scholarships. Likewise, the government created a social solidarity fund with some 160 million MAD (some 20 million USD) to support divorced and widowed women, it increased the number of Moroccans who benefit from medical assistance for low-income citizens, and in 2012/2013 it handed out support to some

757,000 pupils and 436,000 families to allow them to send their children to school. The government also invested heavily in infrastructure projects and in job creation. Last but not least, due to the government's efforts, Morocco gained eight points – rising from rank 95 to 87 – in the World Bank's 2014 *Doing Business* report, which assesses the regulations for small and medium-size enterprises in 189 countries.

Maintaining the grassroots

Although the PJD has been strongly attacked by the media and its political rivals, it still enjoys considerable public support. Opinion polls confirm that, despite a modest decline in popularity since it took office, the PJD has remained the most popular party in Morocco and is not likely to lose this position in the short term. In December 2011, just after the PJD had taken office, two polls conducted independently of each other came out with approval rates of between 80 and 90 percent. A year later, that improbably high score had receded to a still respectable 64 percent. Even more significantly, a poll taken in June 2013 found a mere 13 percent in support of the opposition, whereas around 82 percent thought that the opposition would not do better than the current government if they were in power. That the overwhelming popular support is not reflected adequately in parliamentary seats is mainly due to the complex electoral system, which is designed to create a fragmented parliament – and thus a weak coalition government – by combining proportional representation, excessive gerrymandering (with excess weight for the rural areas, which is particularly unfavorable for the PJD, an urban middle-class party), and the absence of any electoral threshold at the national level.

Still, to understand the paradox of high popularity, in spite of the tense political climate in which the party is operating, one has to look at the PJD's approach to politics, both from within the government and outside of it. First, the party's communication

strategy is quite efficient compared to other parties. Beyond its already strong presence in conventional media, new media play an important role, as does face-to-face communication and portraying an image of being connected to the common people. Cabinet ministers make a point of emphasizing how little their new positions have changed them. Even the Prime Minister advertises his asceticism: by refusing to benefit from allowances and bonuses; by living in his old house, which is the property of his wife, rather than moving to the luxurious official residence in the richest quarter in Rabat; and by praying, as often as possible, in the same mosque that he attended before assuming office. Like him, several PJD ministers and MPs make a point of keeping some of their previous habits, such as frequenting the same cafes and popular restaurants.

Second, the party machine has not been affected by the PJD's participation in government. Institutionally, the party has decentralized its structures, and low- and mid-level officials that form the organization's backbone enjoy a large margin of maneuver for decision-making and managing local chapters, which concede to them a strong grassroots connection. The party also benefited from the new resources stemming from its enlarged parliamentary bloc (107 MPs, up from 46) and access to services provided by local administrations from which they were banned while in opposition. Also, the PJD has been constantly forming new cadres from within the party and its affiliate organizations, and it has revived and enlarged its presence in society. For instance, in the months after one year in government (December 2012–March 2013), the party organized around 800 political gatherings and created around 150 new local branches throughout the country. In addition, it renewed several of its functional branches, such as the youth and women section, and created new ones for doctors, architects, lawyers, etc.

Third, a wide network of civil society organizations associated with the PJD plays

a major role in maintaining support. The creation of the networking initiative *Nida' al-Islah al-Dimouqrati* (Call for Democratic Reform) is an example of such an alliance that projects the party's influence well beyond the immediate political sphere and into society. It is a PJD-led initiative that was launched a few days after the protests of the 20 February Movement in 2011 started to coordinate between the party and various affiliates. This initiative has had three main functions: to establish a platform for debate and public deliberation, to work toward peaceful social mobilization, and to allow for the participation in protests without the party being involved directly.

Regional developments

Moroccan political dynamics in general – and the PJD's position in particular – have not been insulated from regional dynamics. In 2011, advocates of democratization benefited from the political opportunity that opened up against the background of the Tunisian and Egyptian upheavals. With the July 2013 military coup in Egypt, the regional environment has become much less conducive with regards to further reform, and some of the gains achieved through the constitutional amendments of July 2011 may be at risk. Indeed, since the overthrow of Egyptian President Mohamed Morsi, when the King congratulated Egyptian Interim President Adly Mansour and parties such as the PAM praised the coup, the PJD leadership has become wary that the *Makhzen* may emulate the Egyptian example and abort the PJD's experiment in government. Benkirane and his collaborators believe that the regional tide might be turning against Islamist parties in general, and that they need to take heed of their local as well as regional political environments. Hence, they have since opted to move cautiously and not press the advantage they obtained through their election victory. This likely was also one motive behind the significant concessions they made in the cabinet reshuffle.

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ISSN 1861-1761

There are also concerns that the Arab Gulf monarchies may intervene more actively to restore authoritarian rule, as they did in Bahrain and, in different ways, in Egypt. Even though Morocco rejected the offer to join the Gulf Cooperation Council (GCC) in August 2011, in March 2013 it benefited from a 5 billion USD grant from GCC countries for a period of five years for development projects. Some PJD leaders and intellectuals have voiced concerns over Saudi pressures to remove the PJD's Saad Dine El Othmani from his position as Minister of Foreign Affairs. In the end, although a similar development as in Egypt or Bahrain is highly unlikely in Morocco's monarchy, with its much less crucial geostrategic position, regional interference in government affairs and backing of authoritarian restoration are by no means remote possibilities.

Conclusions and recommendations

Morocco is at a crossroads today. The relation between the Palace and the PJD keeps oscillating between tense and less tense, and the new coalition's composition risks leading toward the government's failure due to persistence of conflicting interests. Only if the Palace cedes power to the government and proactively supports its reforms will substantial reforms be possible and the country be able to navigate its way toward a more participatory, transparent, and just political order.

Morocco shares borders with Europe and has been a reliable partner in issues, such as dealing with illegal migration and security. It has therefore benefited from an advanced association status with the EU since 2008. The EU has encouraged the Palace to achieve limited advancements, for example concerning the inclusion of women in public life or respect for human rights. Morocco has also been included among Arab transition countries, for example in the G8's Deauville Partnership of 2011. However, neither the EU nor the G8 have exerted any significant pressure on the Palace to

increase the pace and depth of political reform.

Germany and its European partners should take tangible and credible action to support sustainable development as well as participatory and accountable government in Morocco. First, this should include enhanced economic cooperation, above all in the field of renewable energy and related manufacturing.

Second, Germans and Europeans should support civil society as well as government institutions that work for improving governance and transparency, such as the Advisory Council on Human Rights and the anti-corruption agency Instance Centrale de Prévention de la Corruption.

Third, they should include moderate Islamist parties such as the PJD and its affiliate NGOs in their support for Moroccan parties and civil society. This may include trainings for parliamentarians and activists, special programs for youth and women, and an intensification of dialogue activities.

Finally, Europeans should insist on due process and dealing with the competent institutions rather than undermining the elected institutions through their dealings with the Palace.