

Top Secret
[REDACTED]

25X1

SPECIAL ANALYSIS

MOROCCO: Increasing Domestic Difficulties
[REDACTED]

25X1

King Hassan faces the prospect of an upsurge of domestic unrest because of deteriorating economic and social conditions compounded by the worst drought in almost 40 years. Civilian dissent is fragmented, however, following the King's crackdown on his most troublesome opponents last summer. Military and security forces are fairly effective and generally loyal to the monarchy, even though morale slipped after Moroccan forces at an outpost in Western Sahara were routed by Polisario Front guerrillas in October.

[REDACTED] 25X1

Morocco has been quiet since the riots in Casablanca last June, caused by price increases on basic necessities. The arrest and trial of socialist political and labor leaders and a crackdown on other activists by the King temporarily intimidated his opponents. Meanwhile, the government's efforts to come up with a program to deal with the worsening economic situation have not been impressive. [REDACTED]

25X1

Economic Difficulties

The economy is suffering from a slowdown brought about by the austerity program imposed in 1978 following years of excessive spending and the collapse of the phosphate market. Continued high defense spending and a sizable foreign debt also are burdensome. [REDACTED]

25X1

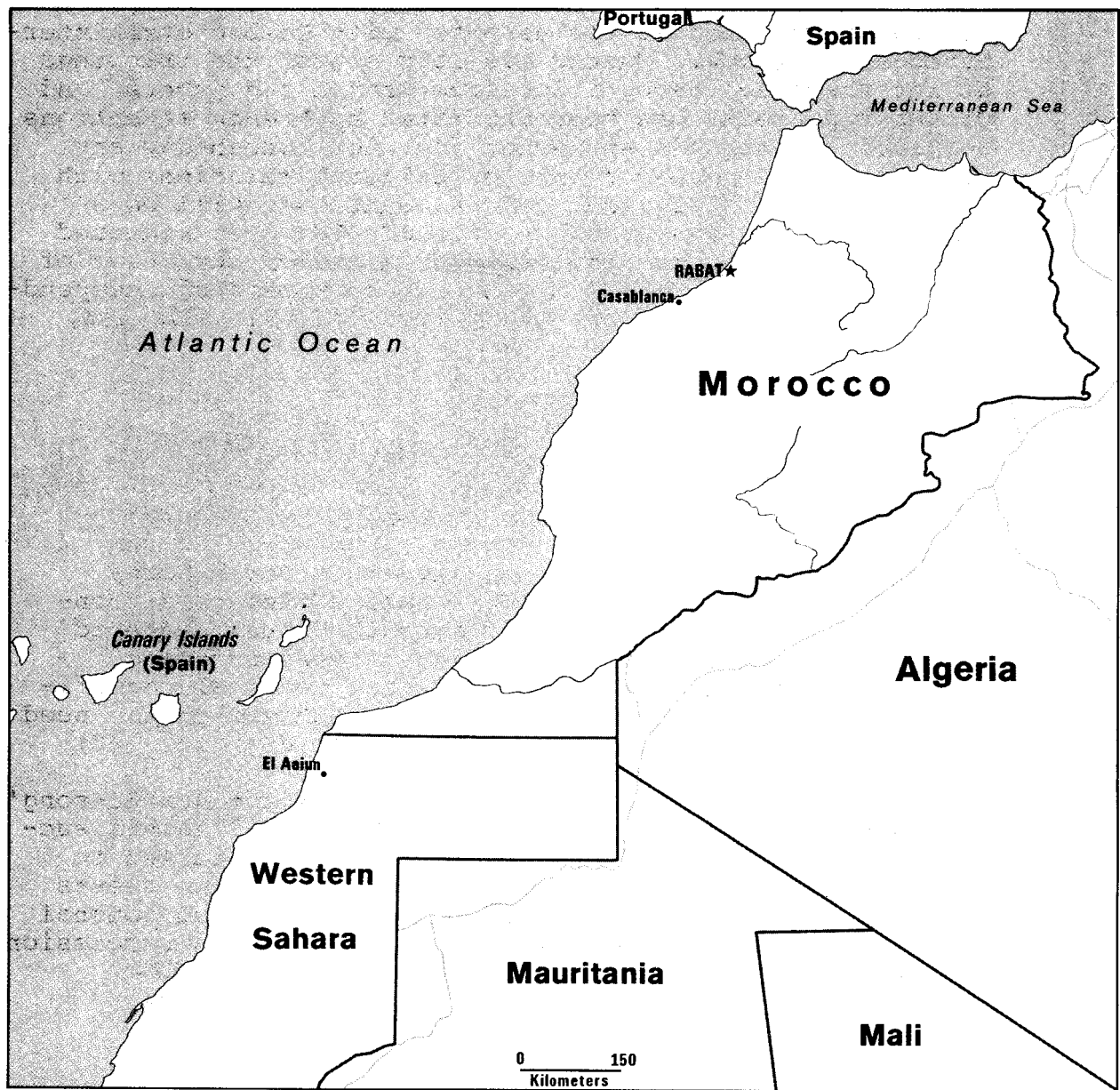
The drought has destroyed over half the fall grain crop and delayed winter planting. Shortages of food are becoming acute, and prices are skyrocketing. Purchases abroad of cereals have nearly exhausted scarce foreign reserves, and substantial concessionary financial assistance will be required for the next few years. [REDACTED]

25X1

--continued

Top Secret
[REDACTED]

25X1



630860 12-81

Page Denied

Top Secret
[redacted]

25X1

There is little prospect of reducing unemployment, which is up to 20 percent in major cities, or of improving the falling standard of living. The real inflation rate probably exceeded 20 percent this year, and wages lag far behind. [redacted]

25X1

Growing Disenchantment

The government's failure to cope with these problems has increased popular concern about the future of Morocco's "democratic experiment." US Embassy sources recently have reported that there is growing resentment toward the government and the King himself even in the countryside, where his standing has always been high. [redacted]

25X1

US diplomats also have noted a mounting uneasiness about the costs of the Saharan conflict and a growing linkage in the public view between the economic situation and the war. The Embassy believes that although most Moroccans evidently support Hassan's peace initiative, a failure of the King's overtures would prove politically costly. [redacted]

25X1

In addition, the wealthy commercial, technocratic, and military elites are becoming more uneasy. Businessmen frequently decry the seeming lack of an economic policy, the deteriorating business climate, and the freeze on consumer prices and other regulations. [redacted]

25X1

The unity of the military leadership also is beginning to show signs of cracking. Many highly placed military officers believe that the King's allegation that the reason for the defeat in October was the Polisario's use of sophisticated new weaponry is a coverup for incompetent commanders. Some reports have pointed to cleavages between senior officers and their junior- and middle-level counterparts. [redacted]

25X1

Criticism of the regime now extends to labor union, student, and Islamic groups. Although these groups were hard hit last summer by the King's crackdown on their activities, they can still cause trouble for Hassan-- especially if the economy does not improve. [redacted]

25X1

--continued

Top Secret
[redacted]

25X1

Top Secret
[redacted]

25X1

Hassan's Prospects

Some Moroccans believe that Hassan is out of touch with the growing potential for instability, but, in fact, the King is not blind to political realities. Although he is aloof and aristocratic, he knows that the monarchy has lost much of its mystique, particularly among young intellectuals. [redacted]

25X1

Hassan is unlikely to ignore completely the intellectuals' discontent or to fail to accommodate some of their demands because he wants to perpetuate the monarchy. Moreover, Hassan--who survived two coup attempts by the military in the early 1970s--is aware of the need to trim the wings of those officers around him who could pose a threat to his position. [redacted]

25X1

Nonetheless, Hassan may not move soon enough to forestall new popular outbursts. Such unrest, however, probably would be contained by his loyal and efficient security forces. [redacted]

25X1

Over the longer term, Hassan's position appears less secure. His extraordinary self-confidence, intelligence, and political sagacity thus far have enabled him to maintain the upper hand over his opponents. On the other hand, the King's arrogance, supreme faith in his own judgment, and reluctance to entertain criticism and advice combine to promote his growing isolation and will increase the risk of miscalculation. He is particularly vulnerable to changes in the economic situation, about which he lacks both knowledge and interest. [redacted]

25X1

Top Secret
[redacted]

25X1