

The results of neo-liberal guidelines

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Two decades of applying the guidelines of the world financial institutions have resulted in persistent financial crisis, over-indebtedness, lack of commitment by the government to grass-roots social sectors, indefensible feminisation of poverty and daily violation of human rights.

Health: inequality behind official averages

Official indicators show an improvement in health care of the population. The increased number of centres providing basic health care reduced the number of people per centre from 13,208 in 1999 to 12,662 in 2000. During the same period the number of inhabitants per doctor dropped from 2,372 to 2,309.

But these statistics hide the terrible truth of disparities between zones and social sectors: in Casablanca, a residential quarter has one doctor for every 275 people and a working-class area has one doctor for each 16,660 people.¹ Over 44% of all doctors in Morocco are concentrated in only two cities, Rabat and Casablanca.

Nine out of ten Moroccans have no medical or social coverage. Infant mortality is over 22%, with a gross mortality rate of over 6.5%. The official figures register 230 cases of maternal mortality per 100,000 live births and one gynaecologist for every 15,000 women.

Morocco spends under MAD 600 (USD 51) per inhabitant per year on health care, representing about 4.5% of the GDP in 1997-98. Households directly cover 54%, the government funds 26% and health insurance pays only 16%. The public sector has 110 hospitals (25,000 beds) for 28 million inhabitants, with 46 doctors per 100,000 inhabitants and 2,000 health centres and outpatient services.

Nine out of ten rural women are illiterate

The official schooling index for children aged 6 to 11 reached 85% in 2000-2001, compared with 80% in 1999-2000. The improvement was especially important in the rural environment where the schooling rate rose from 69.4% to 76.7%.

The number of girls enrolled in primary education increased by 6.6% in 2000-2001 over the previous year. This increase mainly favoured the rural areas where the number of girls with schooling increased by 10.3%. It should be noted that associative resource centres received 34,550 children aged 8 to 16 in 2000, in the framework of informal education, with only 744 resource people.

According to a national report on the situation of children in Morocco (May 2000), 2.2 million children aged 8-16 are excluded from schooling, of whom 237,000 live in the streets and 550,693 are working in inhuman conditions. According to a recent survey by the Ministry of Planning, in Casablanca alone there are over 28,000 young women under 18 years of age who work.

Sixty-seven per cent of the female population is illiterate and 90% of this illiterate female population live in rural areas. At the beginning of this third millennium, nine of ten rural women do not know how to read or write.

Public expenditure

Planned expenditure in the general budget for 2002, totalling MAD 142,075 million (USD 12,242 million)² is distributed as follows: operational expenses, MAD 75,442 million (USD 6.5 billion); investment expenditure, MAD 19,925 million (USD 1.7 billion); redeemable debt and floating debt expenditure, MAD 46,708 million (USD 4,025 million).

Staff costs amount to MAD 51,163 million (USD 4.4 billion), or approximately 68% of the operational expenses. Among these many government employees, many high officials hold various positions at the same time and therefore collect multiple remunerations although this is against the law. There is an enormous gap between the salaries of low-level officials (below the minimum inter-professional salary for growth in France) and the exorbitant salaries collected by high government officials.

The amount of investment expenditure is insignificant and indicates a withdrawal by the government from its participation in economic development.³ The Hassan II Fund for economic and social development, special treasury funds, local collectives and public enterprises and institutions help to mitigate this insufficiency of investment.

Expenditures for national education and higher education are relatively stagnant, although the needs in this area are increasing rapidly. More seriously, expenditures for health have decreased steadily and this is negatively affecting the health of Moroccan people.

Paradoxically, expenditure aimed at security, that is to say, allocated to the Ministry of the Interior, increased substantially: 8% of the national budget in 2002, compared with 7% in 2001. In 2002, the budget for this ministry was double the budget of the Ministry of Higher Education (4% of the national budget) and almost double that of the Ministry of Health (5% of the national budget).

² All conversions are rounded at the rate of MAD 11.604 = USD 1 (31 December 2001).

³ Investment expenditure dropped from MAD 21,695.3 million to MAD 19,925 million, that is to say, a variation of -8.16%.

¹ Greater Casablanca Region, Office of Land Planning, Ministry of Land Planning, 1999.

The following measures are suggested for restructuring government expenditures:

- reduce the gaps between high and low salaries;
- avoid or prohibit the holding of multiple positions;
- limit unproductive expenditure such as purchases of luxury vehicles and construction of huge public administration buildings;
- strengthen monitoring of public business;
- reduce expenditure on security and defence;
- reduce expenditure on celebrations and official receptions;
- direct public investment towards basic infrastructure (electricity, drinking water, education, health, housing and highways).

State revenue

Total revenue foreseen for 2002 is MAD 136 billion (USD 11.73 billion), 3.2% less than 2001. This decrease is due mainly to the decrease in income from privatisation, which comes primarily in the form of taxes and customs tariffs and amounts to MAD 79,734 million (USD 6,870 million), about 58% of the total revenue.

Income from customs is negatively affected because of customs reorganisation in line with the agreement for association with the European Union that came into force in March 2000, but also because of the government-tolerated contraband between Morocco and the Spanish-occupied strongholds. This contraband generates a capital loss of approximately MAD 7.5 billion per year, although it is hard to assess losses because of fraud and corruption.

Privatisation, which in many cases is a kind of "sale", is carried out with short-term objectives and is essentially aimed at balancing government finances. At no time has an attempt been made to improve management of some economic sectors by making them comply with market rules, mechanisms and laws.

Capacity to mobilise savings

Presently, the economic weave of Morocco is mainly comprised of family enterprises that are not rationally managed and are not fertile ground for the development of savings. Opening up the economy exposes Moroccan companies—which are used to a system of protection and privileges, particularly in tax matters—to many real risks.

Savings are linked to the degree of confidence in government institutions. An enormous drain of capital towards foreign banks shows evident mistrust in the government, especially by high government officials. This lack of confidence, made worse by the corruption and bureaucratic formalities, also causes a drain of foreign capital.

Commercial deficit and public indebtedness

According to the Finance Law Project's (PFL) economic and financial report, the year 2000 showed an increase of 35.2% in the commercial deficit over 1999. Income from exports covered 64.5% of expenditures for imports in 2000, down from 69.5% in 1999. Commercial transactions abroad recorded an increase of 11.8% in 2000 as compared with 7.3% in 1999. It should be noted, however, that purchasing power is generally very low, and this has a major impact on the market. The fact that there are regions that have no facilities (no highways, bridges or electricity) explains the limited penetration of commercial capital into many isolated areas.

Service of the public debt makes up over 32% of the general budget total. The Finance Law Project's economic and social report indicates that the foreign debt was reduced by MAD 6.6 billion (USD 568.7 million) or 3.7% between 1999 and 2000. The ratio between the global foreign debt and the GDP improved slightly from 51.3% in 1999 to 48.2% in 2000.

The qualification of Moroccan indebtedness and its prospects, according to the financial assessment agency Standard and Poor's, fell to "negative" from the "stable" rating of the previous assessment. The ratings on country debt, and principally the rating on debts in local currency (BBB/A-3⁴) and in foreign

currency (BB/B), were maintained. This worsening prospect reflects the budgetary situation of the country and pressure on prices and on the stability of exchange rates. The budgetary deficit amounted to 9% of the GDP in 2001 and should drop to 6% in 2002, although according to Standard and Poor's it may not reach this target if growth slows down.

According to the agency, the debt remained stable (78% of GDP in 2001) as the increase in deficit was compensated for by income from privatisation. The opportunities for privatisation will disappear, however, and budgetary adjustments will be difficult in the future.

According to the Standard and Poor's report dated 2 November 2001, the government must reduce the budgetary deficit, continue with its reform programme and improve growth prospects to maintain its rating.

Measures for debt reduction and cancellation

The main positive measure adopted has been the conversion of the debt into investment.

The debt problem is closely related to the disorder and diversion of funds characterising the management of public or semi-public companies (such as CNSS, CNCA and CIH⁵). Instead of being invested in the economy, loans were diverted and became sources of wealth for a social class that has become parasitic, lacking any sense of business or innovation and interested only in consumption.

Private capital

Private investment in Morocco is characterised by a lack of confidence arising from socio-political and institutional instability, which largely explains the lack of foreign investment. To this should be added the complexity of administrative formalities, lack of transparency of administrative structures and other various obstacles, among which corruption plays a major role. Fraud and tax evasion are considerable.

Conclusion

The present situation, characterised by a lack of commitment on the part of the government, the application of neo-liberal policies, systematic corruption, denial of citizens' rights to women, misappropriation of public funds, impunity in violation of human, political, economic and social rights, is the consequence of limited political decisions linked to maintenance of a macro-economic balance.

More than ever before, this situation is leading political, economic and social stakeholders to seek alternatives and to reconsider their development strategies in an attempt to promote equity and social justice. It is also imperative to have an in-depth understanding of the role played by Moroccan NGOs in democratic development at a time when the questionable and questioned globalisation is the main characteristic of society. ■

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4 An insurer rated 'BBB' has ADEQUATE capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the insurer to meet its financial commitments. An insurer rated 'BB' is LESS VULNERABLE in the near term than other lower-rated insurers. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the insurer's inadequate capacity to meet its financial commitments. Source: Standard and Poor's Rating Definitions. Cf. www.standardandpoors.com

5 Obligatory social security system for the private sector; National Fund for Agricultural Credit; Real Estate and Hotel Credit.