THE CRISIS IN THE PUBLIC SECTOR
THE CASE OF MOROCCO

by
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In dependent societies, the predonderance of state ownership is such as to render the received distinction between countries with market economies and those with command economies obsolete. State intervention in Algeria is no more pronounced than in Morocco and Tunisia. Côte d'Ivoire passes for a liberal state, yet it counts more public enterprises than supposedly socialist Mali. Saudi Arabia and Kuwait both control over 70% of their GDP, including the oil industry, through the public sector.

However, in many underdeveloped capitalist states, the existence of a nationalized public sector is not effectively geared to the implementation of an economic strategy designed to enhance endogenous development. Instead, the state functions as proprietor and financier, and in that role the logic it obeys is *the logic of dependence.*

Let us take a case in point. In Morocco, the dominant trend since 1956 has favoured the expansion of the public sector (1). This expansion has given a powerful boost to a peculiar type of state capitalism in several sectors defined as strategic.

Three key ideas have to be kept in mind:

1. the increasing preponderance of state property is a consequence of structural waknesses in the private sector. What this phenomenon makes clear is that state capitalism in Morocco functions without a capitalist class, that is to say, without a bourgeoisie in the Marxian sense of the term.

On the other hand, there is a lumpen bourgeoisie spawned under state protection and sustained with foreign capital, with a vision restricted to the short term (2). Such being the case, it hardly makes sense to posit a complementary relationships, after all, presuppose a division of functions within the framework of an overall strategy incorporating clearly defined objectives.

2. The trend towards the expansion of state property has produced a counter-trend, the creation of subsidiaries and lesser offshoots by public enterprises (3). This process, at bottom, constitutes a strategem for the devolution of state capital into private hands.

3. In the absence of any planned policy making the public sector a lever for development, the expansion of state property has proceeded under conditions of anarchy. This has had negative effects on the Moroccan economy, slowing down its rate of growth and delaying its evolution (4).

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The Structure of the Public Sector

The paradox is that so far very little is known about the public sector. It has remained a sort of closed book. The Moroccan state, in effect, is deeply ignorant about its own wealth. Attempts have been made to shed light on the country's public sector; none have prevailed (5).

At the university level, the absence of serious empirical studies has encouraged a penchant for theoretical generalizations to the detriment of specific research as far as the public sector is concerned. Without the assimilation of adequate quantified data on this sector, claims to a thorough knowledge of the national economy are hardly credible. Hampered as we are by a shortage of accurate statistical data, our reflections in this area are necessarily tentative, not definitive (6).

Two sets of indices, one financial, the other physical, can serve as probes for an analysis of the structure of the public sector.

Financial Indices

(a) Breakdown of state financial participation in major accounting sub-sectors (1969–1975)

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Major sub-sector	Authorized capital in 1.000 DH		Public shares				Number of enterpr.	
			Absolute value		%			
	1965	1975	1965	1975	1965	1975	1965	1975
Agriculture	3500	43100,0	1964,2	34118,0	56,1	79,2	2	11
Extractives Industries	163371,8	742884,2	120370,2	492080,8	73,7	66,2	18	27
Petrol refineries	114630,0	114630,0	69824,2	57950,0	60,9	50,6	4	4
Electricity and water works	280858,7	28978,0	280858,7	28978,0	100,0	100,0	13	10
Manufacturing industries	387636,5	1158114,0	310518,2	884026,3	80,1	76,3	27	61
Transport and communications	171207,2	328058,3	149452,2	216090,0	87,3	65,9	26	33
Trade	6523,2	36505,0	6511,9	15922,7	99,8	43,6	4	17
Hotels and Res.	870070,2	195299,7	52485,0	78811,9	60,3	40,3	23	17
Financial institutions	120795,8	236491,0	52560,5	88176,3	43,5	37,3	16	13
Other services*	191176,8	121512,0	177555,7	70906,1	92,9	58,3	25	28
Total	1526770,1	3005572,2	1222100,8	1967060,3	80,0	65,4	158	221

* Enterprises in this category are mainly consultancy and design firms or real estate companies involved in hotel or housing construction.

Observations:

– The chart lists public shares in the main sub-sector used by the national accounting system. The two time termini (1969 and 1975) were selected on the basis of available statistics.

– Enterprises in which public shares amount to less than 20% have been excluded. Only those enterprises in which public shares make up over 50% of the total, and those in which public shares range from 20% to 49%, are listed.

– In absolute terms, total public shares have increased from 1,200 million DH to nearly 2,000 million DH, a 60% rise. In relative terms, however, the proportion of state capital in the total capital of enterprises surveyed fell from 80% in 1969 to 65% in 1975, a 15-point drop. The fact is that with the sole exception of the sub-sector «Agriculture» (7) public shares in all sub-sectors have declined. Evidently, what is going on is a serious process of privatization; its operational modalities included the establishment of chains of subsidairies and lesser branches (OCE, SODEA, ODI, OCP etc.) as well as the restructuring of capital investments in corporations playing a strategic role in the national economy (BNDE, CIH, RAM, COMANAV etc.). The chart below provides evidence of the counter-trend towards privatization referred to earlier.

Sub-Sector	Percentage of public shares	
	1965	1975
Extractive industries	73,7	66,2
Petrol refineries	60,9	50,6
Manufacturing industries	80,1	76,6
Transport and communications	87,3	65,9
Hotels and restaurants	60,3	40,3
Financial institutions	43,5	37,3
Other services	92,9	58,3
Total	80,0	65,4

b) Agency-by-agency breakdown of state financial participation (1975)

Agency	Authorized capital in corporation in 1000DH	Public shares	
		Absolute value	%
Treasury	772.495,5	518.524,0	67,1
OCP	948.683,2	598.605,6	63,1
BRPM	636.881,0	298.821,4	46,9
ODI	369.700,0	206.514,9	55,9
BNDE	485.596,0	82.917,4	17,1
CDG	437.979,0	93.916,7	21,4
OCE	68.864,0	36.552,8	53,1
SNI	62.700,0	14.007,6	22,3
ONP	37,700,0	30.300,0	80,4
ONCF	36.165,7	8.246,5	22,8
Other agencies*	177.269,8	78.653,4	44,4

* *Main shareholders: ONE, CIH, ONEP.*

c) Agency-by-agency and accounting heading breakdown (1975) – (%)

	treasury	OCP	BRPM	ODI	BNDE	CDG
Agriculture	0,7	–	–	2,5	–	–
Extractive industries	6,9	39,5	72,4	–	1,4	0,9
Petrol refineries	4,4	–	11,8	–	–	–
Eau electricité	5,6	–	–	–	–	–
Manufacturing industries	45,2	50,6	14,6	97,5	72,1	10,1
Transports & communications	24,7	2,6	0,2	–	3,9	5,3
Trade	0,3	–	1.0	–	0,2	–
Hotels & Restaurants	0,7	4,8	–	–	2,9	35,3
Financial institutions	6,6	1,8	–	–	6,3	36,7
Other services	4,9	0,7	–	–	13,2	11,7
Total	100	100	100	100	100	100

Sources: *Rahoui, op. cit., National Audit Reports.*

Observations

– The state portfolio is highly centralized under the Treasury, the OCP, the BRPM and the ODI. These agencies control over 80% of public shares.

– The majority of public agencies (the Treasury, the OCP, the ODI, the BNDE) seem to follow participation policies oriented towards industrialist options. The ODI, the most typical example, has a 97.5% investment in the sub-sector of Manufacturing industries. The BNDE is in a similar situation. It follows a proven industrial orientation, with an increasing emphasis on small and medium enterprises in recent years.

As for the OCP, its policy has changed as a result of a profound transformation. Starting out primarily as a mining enterprise, the OCP rose to prominence as an industrially oriented corporation with the establishment of Maroc-Phosphore and Maroc-Chimie. By contrast, the BRPM remained essentially involved in mining.

The Treasury invests substantially in two sectors: Manufacturing industries, then Transport and communications (8).

The state portfolio is highly centralized, with 4/5 of state shares controlled by four agencies. Furthermore, public shares are concentrated in particular sectors, broadly speaking, the industrial sectors. Such centralization and concentration, however, do not necessarily indicate that the State, in its role as financier, follows a coherent policy (9).

This much comes out of an analysis of physical indices, which we shall now examine before focusing on the operations of the public sector.

Physical Indices

It has been guestimated that value added in the public sector – broadly defined (10) – made up 25% of GDP on the average in the mid-1970s. By contrast, the gross figure for fixed capital formation in the public sector over the same period was more than 60% of the country's fixed capital formation total (11).

These two disparate figures indicate two underlying realities. First, those sub-sectors traditionally dependent on the state are highly capital-intensive. Secondly, when value added in the public sector is correlated with the proportion of gross capital formation in the same sector, it becomes clear that productivity in that sector is extremely low.

As a result, the systematic depreciation of public capital is a structural constant within the Moroccan economy. This phenomenon is caused as much by what passes for management policy in the public agencies as by the *de facto* division of labour observed between the public and the private sectors.

In effect, the State has opted to conduct its business in line with a set of capitalist norms, within a socio-cultural environment which happens not to be capitalist. In doing so the State's aim was to create a dynamic, productive private sector. This aim has been frustrated yet the State continues to use the same methods. The consequence is that the private sector remains heavily dependent on direct or indirect state subsidies. This dependence helps block the path to any kind of structural modification or overhaul, indispensable in a supposedly liberal economy. A rapid analysis of state *investment policy* provides evidence on this point.

a) Quantitative evolution of public investment **(12)**
(figures in millions of current DH)

Plan period	Public sector		Parastatal sector		Private sector		Total
	Amount	%	Amount	%	Amount	%	
1965-67	2.461,2	70,6	472,3	13,6	549	15,8	3.483
1968-72	5.106	53,8	1.913	20,2	2.470	26	9.490
1973-77(a)	11.167(b)	42,5			5.448	20,6	26.293
1978-80	21.438(c)	58					36.900

Source: *Development Plan Documents.*

a) Figures cited on this line refer to the original draft of the 1973-77 Five-Year Plan.

b) If the sum of 3,250 million DH (12.4%) is added to account for self-financing by public corporations, public sector investment rises to over 50% of total investment.

c) 38% of total public investment for 1977-78 came from credits carried over from previous budget allocations.

b) Sectorial evolution of public investment

Sectors \ Plan period	1965-1967 Amount	%	1968-1972 Amount	%	1973-1977 Amount	%	1978-1980 Amount	%
Agriculture	815,6	34,6	1.605	31,4	2.928	26,2	5.512(a)	25,8
Industry	652,5(b)	21,6	804(c)	15,0	1.797(d)	16,1	2.977	13 9
Infrastructure	389,3	15,9	884	17,3	1.226	11,0	3.830	17,9
Education, Administrative staff training Social & cultural facilities	269,8	10,9	666	13,1	2.982	26,6	5.633,7	26,4

Source: *Development Plan documents.*

a. Including dams
b. Including Mining, Fisheries and Energy
c. Including Mining and Energy
d. Including Mining, Fisheries, Energy and Handicrafts.

Upon examination, the above tables call up two main observations. First, notwithstanding attempts made to woo the private sector by offering it a range of generous advantages in various investment codes, that sector has been content to play a supplementary or at best a secondary role as far as the investment effort is concerned. That being the case, the investment burden has fallen overwhelmingly on the public sector. This type of correlation is a typical feature of Moroccan-style economic liberalism. The state accounts for more than 50% of the investment effort because, in a sense that increasingly reflects its parsimonious attitudes, the private sector is an underdeveloped, mercantilist sector.

Secondly, in the structuring of state investments, no priority is given to industrial investment, though that is the king of investment capable of generating multiplier effects. On the average, industrial investments make up the same proportion of total public investments as do infrastructural investments. Since 1965, only export-oriented, speculative agriculture **(13)** has enjoyed priority status.

In the areas of education, administrative staff training and the construction of social and cultural infrastructure, however, state investment has risen appreciably, from 11% in 1965-67 to 26.4% in 1978-80 **(14)**.

The general trend indicates an economy distorted in favour of relatively unproductive or only indirectly productive investments. This brings into sharp relief the fact that state investments tend to be rather unprofitable.

The Crisis in the Public Sector

The analysis of the structural evolution of the public sector yields two conclusions:

In the first place, the process of appropriation by the state has been extended even though there is a counter-trend favouring the devolution of public capital into private control. This is a real phenomenon caused mainly by the availability of large cash flows released by mercurial changes in phosphate prices, as well as by certain peculiarly favourable conditions that led to the production boom of the 1974–1976 period. The result has been the establishment of numerous companies in which the state controls a majority of shares; the crux, unfortunately, is that it is doubtful whether these companies are profitable in any sense – economically, financially or socially.

Secondly, public investments are relatively unproductive. The issue at stake here is the overall rationality of the public sector.

The Uncontrolled Growth of the Public Sector

The uncontrolled growth of the public sector is a quantifiable phenomenon. Its extent may be gauged by the expansion of state property resulting from the conversion of the main public corporations (such as the OCP, the OCE, the BRPM and the ODI) into holding companies with controlling interests in enterprises at both ends of the economic production process.

In itself, however, this expansion is by no means a healthy development. For one thing, it is not the outcome of a policy consciously adopted by the state. Moreover, it has encouraged the establishment of a number of fiefdoms which, while acting in the name of the state, have in fact become centres of countervailing power.

What the phenomenon of state expansion reveals, then, is that the state lacks an overall vision translatable into a coherent strategy. This is all the truer given that the Moroccan planning system controls the great public corporations of the country only in a purely formal sense; as far as actual corporate behaviour is concerned, the planning objectives might just as well have come from another world. A telling example: the OCP and the OCE have their own separate investment plans.

The public corporations, then, operate within an autonomous environment, following laws peculiar to themselves. When the chips are down they serve neither as tactical tools of control, nor as longer-range instruments for attaining plan goals (15).

Under such circumstances, it is perfectly normal to find new public corporations or subsidiaries of existing ones set up without any oversight regulation. The ruling philosophy in this area, such as it is, is not empiricism but rank anarchy. In the establishment, management and supervision of public enterprises, there is no respect for any discernible set of rules, the process is one of muddling through.

One reason is that terms of reference governing public enterprises are often stated so vaguely that a number of public corporations operate, piecemeal fashion, each on its own, within the same business sector but without any overall coordination. This results in redundancies due to surplus capacity, causing economic and financial waste of the kind the state can ill afford, since most of these enterprises are financed from budget allocations **(16)**.

Incidentally, one of the stratagems used to reduce state control over holding companies is the organization of share acquisitions by rival corporations represented in the holding companies, even when there are no pressing economic or financial justifications for such acquisitions. Alternatively, these rival corporations set up holding companies in specific sectors, with the aim of bringing together their shares in various businesses. The OCE, for instance, has set up a finance corporation, the SOFICOM.

Lastly, there are reports of foreign consultants being called in, to produce several feasibility or market studies which, once the projects in question get completed, turn out to be useless or obsolete. Examples:

- A study on prospective market outlets for a product manufactured by a certain chemical corporation omitted one detail: there is absolutely no market for that product.
- A market survey for a textile corporation under state control was commissioned only after the purchase of the manufacturing plant; unfortunately, the plant was designed to manufacture a product already out of date.
- One study commissioned by an electrical engineering firm interested in marketing electrical motors was based on an excise inventory covering motors of all types. The study consequently projected a market five times larger than the actual market for the specific motor the firm was set up to produce.

In sum, it seems clear that in its approach to public enterprises, the state has adopted an attitude based more on *laissez-faire* norms than on norms appropriate to a command economy. The State has therefore become increasingly powerless; or perhaps it would be more accurate to say it has given up its pretensions to control in the economic arena. Two factors have worsened this situation of impotence:

To start with, an impenetrable jungle of laws, statutes and regulations has grown up around the public corporations. This makes all attempts at a proper classification of the various public enterprises, state corporations, national companies, boards and agencies difficult and ultimately fruitless. The long-range effect of the proliferation of company statutes has been to fritter away, state control over the public sector **(17)**.

Secondly, the great public corporations have been transmogrified into weird outgrowths with a malignant impact on the country's general economic development. Each group of corporations, each holding company follows its own peculiar organizational and management norms; each establishes its own salary and wage scales, each has its own formulae for marketing contracts and book-keeping entries.

Thus, each group operates autonomously, within a hermetic environment, according to an autistic philosophy, in line with equally peculiar norms and regulations. In such a situation, the interesting question is whether each holding company perhaps follows a particular rational logic that fits in with an overall logic, that of the public sector.

The Rationality or Irrationality of the Public Sector

At first sight the haphazard muddling characteristic of the public sector might seem quite incompatible with the idea of any rational logic whereby that sector might be perceived as an organized entity operating to achieve a series of objectives – explicit or implicit. However, an analysis of the conduct of the state, in its functional roles as proprietor, financier and entrepreneur, reveals an operative logic. That logic is precisely that of the dominant socio-economic system, and it works to transform the public sector into a component part of a system alien to the national economy.

(a) <u>The ignorance of the Proprietary State concerning its own wealth</u>

As late as 1978 ending, there was no administrative agency (or any other type of agency, for that matter) mandated to collect and to centralize data on state-controlled enterprises. Thus, there is no consolidated balance sheet listing cash flows between the public budget and the public corporations (18). Similarly, there is no information on the performance of public shares in various enterprises, whether through direct investment or through proxy groups.

The only available data come partly from audit reports and, to a greater extent, from the balance sheets of about 80 public firms, audited and then forwarded to the Ministry of Finance every year. Under such circumstances, the state is scarcely in a position to design a management policy for this strategic sector of the national economy, or to evaluate its implementation.

(b) <u>The State as Financier makes budgetary allocations partly according to Plan priorities, and partly according to more whimsical norms</u> (such as the personal qualities of directors of public corporations)

For instance, for the period 1973–77, investments in the public corporations and parastatals were financed primarily from budget subsidies (apart from fixed capital allocations) in the following amount: 5,700 million DH, i.e. 38.3% of actual total investment (19). As this example clearly shows, the state is expected to make significant budgetary contributions even to enterprises in which it owns very few shares. And, in defiance of all reason, the state continues to function as the chief source of funds for public enterprises even though the number of such enterprises paying dividends into the State Treasury keeps dwindling steadily.

The explanations offered for this situation are legion. The favourites are the State's price-fixing policy (20) and the routine use of self-financing techniques. Whatever the reasons, the fact remains that there is still no proper policy governing budget allocations and appropriations.

(c) Are the operations of the State-as-shareholder conducted within a consistent investment policy framework?

Several observations indicate a definite negative answer. Further, they highlight imbalances and contradictions in the State's approach to this sector:

– Shares are not always acquired according to rational indices. The State therefore adopts a scattershot approach in its stock operations, spreading its financial power thin, and thereby weakening it.

– Furthermore, the State portfolio of shares is not centralized under Treasury control. Quite often it is entrusted to public or semi-public agencies selected according to rather hazy criteria (21). In any case the Treasury itself is not empowered to present a comprehensive inventory of public stocks and shares held directly or indrectly. It would be hardly reasonable, then, to expect it to come up with an assessment of dividends.

(d) Relations between the State and the Public corporations as expressed in the symbolism of financial control

In principle, the State Audit (CF) (22) enables the State to monitor the way its wealth is managed, to check the extent to which State guidelines and directives are respected by public enterprises, and to design appropriate policy aimed at helping the public sector to play a more active role in the integration of the economy. Such, at any rate, is the theory. In practice, however, since 1960 the performance of the State Audit has mainly provided proof that this board, supposedly a special operational tool of the State, is more of a figment than a fact. Even the amendments made in 1976 have been impotent to make it more efficient, less superficial.

The fact is that the 1976 amendments involve two corrections. First, the old system of *a posteriori* checks was replaced by a so-called management system of *a priori* checks. Secondly, parastatal corporations, left out of the April 1960 decree, were brought under the Audit system. However, these measures, being purely technical, cannot significantly improve the performance of the State Audit (23).

In actual operational practice, the State Audit scenario tends to work out as follows: *a priori* auditing boils down eventually to a simple authorization. The alternative system, *a posteriori* auditing, is no better; it works on a much larger scale covering management, accounts and finance. Such coverage is impracticable since there are only about ten auditors for some 80 enterprises. Moreover, the audit is defined as an external, not an internal, exercise, as something *imposed* on the various enterprises. What happens in the end is that the State

Audit shifts from the *a priori* to the *a posteriori* method according to the size and connections (the clout, in short) of each particular enterprise. Thus, the *a priori* system is imposed on small and medium enterprises, while the more powerful corporations (OCP, OCE, ONE etc...) insist on being treated to the *a posteriori* system.

Also, the extension of the audit system to parastatal corporations has not inhibited the public corporations from setting up a plethora of poorly regulated companies under rather inefficient conditions. Examples come from the OCE and the SODEA.

It seems clear, in conclusion, that financial oversight cannot be reduced to a simple technical problem. It is a structural problem. Over the past score of years, experience has shown that the State Audit does not operate according to objective norms, nor does it function even-handedly. In numerous enterprises cronyism and nepotism constitute the ruling ethos of the management. Such enterprises have become nothing less than fiefdoms within the State. This sheds some light on relations between the State and the public enterprises.

The subjective basis of these relations is illustrated by the fact that for the purposes of audit operations, enterprises are divided into three categories:

– Fully autonomous enterprises exempt from all oversight either *de facto* (as in the case of the OCP, the SODEA and the SOGETA) or *de jure* (as in the case of enterprises endowed with a royal exemption written into their instruments of incorporation).

– Enterprises only nominally under audit control, such as the OCE, the ONE and the BRPM. Among enterprises in the first and second categories, the prevailing management style gives autonomy priority over management regulations intended to cover private and public enterprises (24);

– Then there are the hyper-controlled enterprises: those on whom the audit is imposed because they receive subsidies. The ORMVA agencies, as well as some sugar companies and administrative establishments, belong to this category.

Even from this rough classification, it is clear that the overwhelming majority of public enterprises do not come under public control, and no longer have any apparent connections to the State.

It must be added that other techniques are used for evading such audit controls as do exist. Chief among these techniques is the creation of subsidiaries (25). Needless to say, this only adds an extra tangle to the skein of relations between the State and the public enterprises.

As a matter of fact, the proliferation of subsidiaries is a new way of diverting the business of public enterprises into private hands. The process has picked up pace with increasing Moroccanization (26).

The State Audit system, then, has become an institution aptly symbolic of the ambivalent nature of relations between the State and the public enterprises. On the one hand, for purely formal, rhetorical purposes, these enterprises are supposed to respect basic economic and financial options determined by the State. In reality, on the other hand, what has happened is that the public sector has been turned into an autonomous domain hostile to all attempts to integrate it properly into the National Development Plan, and resistant to all efforts to use it as an operational lever for the achievement of the country's short and medium-term objectives.

Such ambivalent relations generate conflict. Now our approach so far has been to keep our analysis mainly within the economic sphere. The public sector, however, is part and parcel of the State. There is therefore no way to separate the analysis of that sector from an analysis of the State itself. The more intense the interaction between the State and the public sector, the harder it is to suppose that the former obeys the latter.

In Morocco it is the State that provides politico – ideological leadership and organization. That is a traditional fact of life in the country, an inescapable reality in public life. This is equally true in the economic sphere, except that here the primacy of the State takes on different proportions and substance, because it operates within an officially «liberal» framework. The administrative autonomy enjoyed by the public sector finds its rationale within that official framework.

In short, if the public sector operates under conditions of rampant anarchy, that is merely because it functions according to the prevailing logic – the logic of the State itself.

Reform Options for the Public Sector

Needless to say, differences of approach in the analysis of the crisis in the public sector will necessarily be reflected in qualitatively different solutions. We need to distinguish between two main approaches:

- a sectorial approach emphasizing technical and economic parameters;
- an integral approach designed to fit into an alternative strategy

The first approach falls into two phases:

(a) The public sector would need to be liberalized, making it less hermetic, more open to private initiatives. To achieve this, market mechanisms would have to play a greater role, especially in the case of industrial and trading enterprises. The interplay of market forces, independent or organized, would help reinforce decision-making powers within these enterprises (27).

The aim here would be to create a more *competitive* public sector operating according to market norms (28). Such a system would also be more *streamlined*, with the elimination of non-viable enterprises.

(b) In the second phase, the State's capacity to operate in the public sector and to control it would have to be strengthened. This would involve the simultaneous curbing of market exigencies. To achieve this aim, a series of actions would be indicated:

– Relations between the State and the public enterprises (in the administrative, technical, financial and other area) would have to be defined more precisely, *viz.:*

. Clearer legal statutes would have to be drafted for the various public agencies, with their aims and operational mandates unequivocally stated;

. The various public agencies would have to be given specialized powers, each in a specific area of competence;

. Administrative systems as well as salary and wage scales would have to be standardized;

. Management systems in public enterprises would have to be restructured and reactivated;

– The price-fixing system would have to be made more flexible, and enterprises in the red would have to be helped to break even;

–. The allocation of public funds to public enterprises would be rationalized. This would be done by establishing a predetermined order of priorities in the areas of economic and social development;

–. The wild mismanagement of public shares would be curtained by empowering the Treasury to assume full and correct responsibility over such matters as management, seeing to it that public shares are not handed over to private interests, and ensuring that public enterprises are productively and profitably run;

– Financial surpluses generated by the public and parastatal sectors would be centralized for reallocation in line with Plan objectives (29).

The series of measures advocated above is designed to make the public sector more profitable by improving its competitive capacity. Alternatives (a) and (b) complement each other. They form part of an approach more concerned to devise palliatives against the effects of the crisis in the public sector than to deal with its causes.

What, in fact, is the issue at stake: to improve the conduct of the public sector, or to redefine its structures and its role in the national economy? Thus stated, the problem stands revealed as a matter of vision.

In Morocco, the crisis in the public sector is a manifestation of a larger crisis, that of state capitalism. For that reason, the only possible resolution requires a new strategy, an alternative strategy.

FOOTNOTES

1. The number of public enterprises rose from about 60 in 1955 to 460 in 1978.
2. The nature of the Moroccan bourgeoisie provides the reason why the private sector is impotent to cope with the constraints of an accelerated national development.
3. It should be pointed out that these subsidairies and offshoots evade state control,, observing management practices contrary not only to the objectives of the parent corporation but often to the public interest.
4. A good index of this state of affairs is the growing gap between the economic carrying capacity of the public sector, which has decreased steadily, and its absorptive capacity (mainly for funds) which has increased.
5. At the end of 1978, for the first time in Morocco's history, a ministry was established with a mandate to study the country's public enterprises. An inquiry is currently under way in this domain.
6. We have made use of a number of documents from the Statistics Board, including account sheets and lists of public enterprises registered as of October 1976. We have also referred to a doctoral thesis presented by M. Rahoui at the INSEA in February 1979, entitled *Le Secteur Public dans l'Economie Marocaine.*
7. A greater portion of production in the sub-sector of «Agriculture» came under state control following the takeover of settler farms and the consequent establishment in 1972 of the SODEA, a corporation set up to manage 70,000 ha of mixed plantations and farmland, and which produces almost half of Morocco's orange crop, as well as the bulk of the country's grapes. The increase was also due to the growth of fishing companies, with the creation of subsidiaries by the ONP.
8. COMANAV-RAM(Transport). The industry involved here is the sugar industry. The state controls the following percentages of shares: SUBM, SUNAG and SUTA: 100%, SUNAB: 90%, Doukkala Sugar Company and the COSUMAR Refinery: 50%, NADOR Sugar Company: 21.52%.
9. Such a coherent policy could be arrived at either through the definition of basic principles, norms of profitability and precise objectives, or by integrating state participation into an overall strategy of planned development.
10. As defined by the national accounting system, the public sector embraces public administrative boards and enterprises – financial as well as non-financial.
11. Computations using 1969 as a base year (according to the new national accounting system) show that in th
12. Projected investment financed from the State Budget.
13. Thanks to this policy, Morocco, nominally an agricultural country, has been turned into a net cereal importer (average annual imports: 15 million quintals), even though in the early 1960 s the country used to export cereals.

14. A note of warning is in order here. The latter figure is somewhat inflated by the inclusion of equipment expenditure as well as by the fact that prices have risen steeply since 1974-75. At any rate, judged against the need for a universal, unified educational system based on the Arabic language and tailored to the requirements of the national economy, the amount invested is still inadequate.
15. Note that the business of numerous public corporations is geared mainly to shifting conditions on the international market. An illustrative detail: the 1978-80 Three-Year Plan was referred to as a crisis plan, calling for austerity. Yet it did not affect the conduct of the major corporations in any visible way.
16. Examples: the situation of the ODI, the SNDE and the ORMVA, all involved in the agro-industrial field;
    - the simultaneous participation of the three main financial institutions (CDG, BNDE, SNI) in most corporations.
    - the inefficient definition of terms of reference for the ONMT, and the lack of any coherent policy linking the ONMT, the CIH and the CDG.
17. There are composite sets of rules based on private and public norms.
18. Incidentally, there is no statistical breakdown of total investment funds transferred from the Ministry of Finance to the public interprises-not even a listing under main transfer headings.
19. The balance was allocated as follows: Self-financing: 29,2%; Loans: 22,4% (50% in external contributions); Capital gains: 9,2%.
20. Such is the mind-set of managers of the country's public corporations that they automatically interpret the government's price-fixing policy as a licence for a chronic policy for running at a loss. This is one of the main aspects of the Providential State.
21. For example, shares owned by the *Société chérifienne des Pétroles* (SCP) are handled by the BRPM.
22. The State Audit *(Contrôle Financier)* was set up by the Royal Decree of 14 April 1960, amended on 30 Junes 1976. Its area of competence includes: financially autonomous public boards and establishments, enterprises wholly or jointly owned by the State: public or collective establishments.
23. The best they can do is to reduce the harm done by an audit system that had become entwined in red tape.
24. In such cases the Director has the prerogative of disregarding all administrative, financial or technical guidelines. In addition, there are image-boosting expense accounts, the embezzlment of State funds etc.
25. Quite often, this is done in maverick style, without the prior approval of the competent supervisory agency.
26. Other catalytic factors include the financial boom caused by the temporary rise in phosphate prices.
27. In return, a system of sanctions and rewards tailored to actual performance would have to be worked out.
28. In such a context, the norms of economic profitability and financial balance would have to be scrupulously observed.
29. To date, those enterprises falling outside the range of public service controls (i.e. industrial and trading enterprises) make their own decisions as to how to allocate their financial surpluses (OCP, OCE, etc...)

RESUME

Dans les sociétés dépendantes, le poids de la propriété étatique est tel que la classification traditionnelle pays libéraux/pays dirigistes est devenue anachronique. L'Algérie n'est pas plus dirigiste que le Maroc et la Tunisie, la Côte d'Ivoire «libérale» compte plus d'entreprises publiques que le Mali «socialisant», l'Arabie Séoudite et le Koweit contrôlent - à travers le secteur public - plus de 70% du PNB (activités pétrolières incluses)...

Cependant dans beaucoup de pays capitalistes sous-développés, l'existence d'un secteur public et nationalisé n'est pas liée de manière effective à la mise en œuvre d'une stratégie économique favorable à un développement endogène.

Les fonctions de l'Etat-propriétaire, de l'Etat-financier sont commandées par une rationalité spécifique qui est la rationalité de la dépendance.

Au Maroc, la tendance lourde depuis 1956 est une tendance à l'extension du secteur public, ce qui contribue fortement au développement d'un capitalisme d'Etat, de type particulier dans plusieurs secteurs d'activités considérés comme stratégiques.

Trois idées force sont à retenir:

1/- Le poids grandissant de la propriété étatique résulte des faiblesses structurelles du secteur privé. Ce phénomène révèle que le capitalisme d'Etat au Maroc fonctionne sans classe capitaliste, c'est-à-dire sans bourgeoisie - au sens marxien.

Par contre, il existe une bourgeoisie non bourgeoise qui s'est développée à l'ombre de l'Etat et du capital étranger et dont l'horizon de pensée ne dépasse pas le court terme. Dans ces conditions, il est même difficile de parler de complémentarité entre le secteur privé et le secteur public: la complémentarité implique une répartition des tâches au sein d'une stratégie globale avec des objectifs clairement définis.

2/- La tendance à l'extension de la propriété étatique a engendré une contre-tendance, la filiatisation - qui se traduit par la création de filiales et de sous-filiales de la part des entreprises publiques - et qui est en fait une modalité de privatisation du capital de l'Etat.

3/- En l'absence d'une politique planifiée faisant du secteur public le levier du développement, l'élargissement de la propriété étatique s'est effectué dans l'anarchie. D'où les effets de freinage sur le rythme de croissance et de transformation de l'économie marocaine.

S'agit-il d'améliorer le fonctionnement du secteur public ou de redéfinir ses structures, son rôle dans l'économie nationale? C'est là un problème de vision.

La crise du secteur public est une expression de la crise du capitalisme d'Etat au Maroc. C'est pourquoi, elle ne peut être résolue qu'au sein d'une stratégie nouvelle, une stratégie-alternative.