

March 13, 1995

## KING HASSAN'S MOROCCO: A VALUABLE U.S. ALLY

### INTRODUCTION

Morocco's King Hassan II, one of America's most important friends in the Arab world, arrives in Washington for a three-day state visit on March 15. Under the King's pragmatic leadership, Morocco has become a bulwark of stability in a volatile region. King Hassan consistently has played a moderating role in Middle Eastern politics, often supporting the U.S. in confrontations with radical states such as Libya, Iran, and Iraq. Morocco was a key U.S. ally during the Cold War, cooperating with Washington to contain Soviet influence in the Middle East and Africa. The far-sighted King also has served as a diplomatic intermediary vital to the progress of Arab-Israeli peace negotiations. Moreover, as a respected Muslim religious leader, King Hassan has played a constructive role in promoting cooperation and mutual respect between the Muslim world and the West.

Morocco has hosted three global summits in the last year which underscore the King's important leadership contributions in three different international arenas. First, in April 1994, a trade accord was signed in Marrakesh by 120 nations, concluding the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). Morocco was chosen as the host nation in recognition of its pivotal role in fostering consensus between the developed nations and developing nations on trade issues. Also, King Hassan's bold free-market economic reforms have made Morocco a successful model for Third World economic modernization.

Morocco hosted a second global conference, the Casablanca Economic Summit, from October 30 to November 1, 1994. At this unprecedented gathering, government officials from 61 countries met with 1,114 business leaders to discuss economic cooperation to support a lasting Arab-Israeli peace. The choice of Casablanca for a meeting site was an acknowledgment of King Hassan's role in promoting reconciliation between Arabs and Israelis.

Finally, Morocco hosted the December 13-16, 1994, summit meeting of the 52-nation Organization of the Islamic Conference (OIC) in Casablanca. This Islamic summit, which brought together the leaders of the world's 1.1 billion Muslims, produced an unprecedented plan for combating Muslim extremism. The OIC adopted a "code of conduct" that urged member states "not to host, train, arm, finance, or provide facilities" to violent groups. King Hassan set the tone for the conference by attacking Muslim extremism as "un-Islamic."

These three summits illustrate the leadership role King Hassan has played in negotiations about international trade, Arab-Israeli peace, and the containment of Islamic radicalism. As the respected leader of a rapidly modernizing moderate Arab state known for its religious tolerance, King Hassan is well-positioned to play a leading role in these areas in the future. To bolster Morocco as a model for free-market economic reform, a catalyst for Arab-Israeli peace, and a pillar of regional stability, the U.S. should:

- ✓ **Support Morocco's drive toward free trade with the West.** The U.S. should offer to sign a free-trade agreement with Morocco and support Morocco's efforts to negotiate a "partnership" agreement with the European Union. Greater access to Western markets will help assure the success of King Hassan's economic reforms, encourage foreign investment, and signal strong political backing for the King's moderate foreign policy.
- ✓ **Cooperate with Morocco in broadening and advancing Arab-Israeli peace negotiations.** King Hassan may be able to help broaden the Arab-Israeli peace negotiations by facilitating a dialogue between Israel and Saudi Arabia, just as he did between Egypt and Israel in the late 1970s and between the Palestinians and Israel three years ago. The King also can be helpful in working to lift the Arab economic boycott of Israel.
- ✓ **Cooperate with Morocco in containing radical Middle Eastern states and Muslim extremism.** The U.S. should encourage closer military cooperation between Morocco and Kuwait and other conservative Persian Gulf states to help defend against and deter Iranian or Iraqi aggression. The U.S. also should help promote King Hassan's brand of cautious democratization and rapid free-market liberalization as an alternative to the Muslim radicalism that has destabilized Algeria and risen in other North African nations.
- ✓ **Assist Morocco in reaching a genuine political settlement of the Western Sahara issue.** Morocco's disputed 1976 annexation of the former Spanish Sahara led to a protracted war with some of its inhabitants, backed by Algeria. A cease-fire brokered by the United Nations in 1991 was supposed to lead to a popular referendum on the territory's future in 1992, but the referendum has been bogged down by procedural delays and disagreements over voter eligibility. Washington should press Rabat to negotiate a political settlement with moderate Saharans willing to accept Moroccan sovereignty in exchange for greater political autonomy.

## KING HASSAN'S MODERATION

King Hassan has ruled Morocco, a California-sized country of 28 million people, with a blend of tradition and modernity. Hassan ascended to the throne on March 3, 1961, following the death of his father, King Muhammed V. His Alouite dynasty, the oldest monarchy in the Middle East, has ruled Morocco since 1649. Hassan enjoys a dual base of legitimacy, for in addition to the royal throne, he inherited a traditional religious role as "Commander of the Faithful." As a direct descendant of the Prophet Mohammed, he is considered by pious Muslims to be endowed with *baraka*, a spiritual blessing bestowed by God.

King Hassan ruled by decree in an authoritarian manner in his early years but gradually has liberalized the political system and given more power to Morocco's parliament in recent years. Parliament was suspended from 1965 to 1972 due to civil unrest, and the King grew reliant on a powerful Ministry of Interior to suppress political opposition. However, failed military coups in 1971 and 1972 led the King to expand his base of support by reviving parliament and progressively opening up the political system to allow participation by a broad range of political parties. Today, King Hassan presides over a multi-party political system in which he functions as the unchallenged supreme arbiter, adroitly playing one group off against another.

Under the new 1992 Constitution, parliament's authority was expanded to include budgetary matters, the approval of bills presented by the King, and investigations of executive branch activities. Opposition parties won 125 of the seats in the 333-seat parliament in the 1993 elections. King Hassan, who

has the power to appoint the Prime Minister, sought to entice opposition parties into a coalition government but failed to find a mutually acceptable power-sharing formula. The opposition parties spurned his October 1994 offer of the prime ministership and 19 minor cabinet portfolios because four key cabinet posts—Finance, Foreign Affairs, Justice, and the powerful Interior Ministry<sup>1</sup>—would have remained in the hands of political parties loyal to the palace.

### Kingdom of Morocco Factsheet

**Population:** 28.5 million

**Labor force:** 7.4 million

**By occupation:** Agriculture 50%, Services 26%, Industry 15%, Other 9% (1985)

**Capital:** Rabat

**Executive branch:**

**Chief of state:** King HASSAN II (since 3 March 1961)

**Head of Government:** Prime Minister Abdellatif FILALI (since 29 May 1994)

**Natural resources:** phosphates, iron ore, manganese, lead, zinc, fish, salt

**Exports:** \$5.7 billion (f.o.b., 1992) **Imports:** \$8.4 billion (c.i.f., 1992)

**External debt:** \$21.3 billion (1992)

**International disputes:** claims and administers Western Sahara, but sovereignty is unresolved; the UN is attempting to hold a referendum; the UN-administered cease-fire has been currently in effect since September 1991; Spain controls five places of sovereignty (*plazas de soberania*) on and off the coast of Morocco—the coastal enclaves of Ceuta and Melilla which Morocco contests as well as the islands of *Penon de Alhucemas*, *Penon de Velez de la Gomera*, and *Islas Chafarinas*.

**Source:** CIA *World Factbook: 1994*, retrieved from the Internet (<http://www.ic.gov>).

<sup>1</sup> The Interior Ministry has been responsible for repeated human rights abuses. While Morocco made "substantial progress" on several human rights fronts in 1994, according to the U.S. Department of State's annual human rights report, Morocco's

Frustrated in his effort to reach out to the opposition, King Hassan approved a new center-right coalition government on February 27. Career diplomat Abdellatif Filali, who led the previous cabinet dominated by technocrats, was reappointed Prime Minister. The King's retention of Filali is considered a strong signal of continued commitment to economic liberalization, which has proceeded at a much faster pace than political liberalization. Filali stated soon after his first appointment as Prime Minister in 1994 that the government must "let the private sector play its role" in economic development, recognizing that the state "does not have the vision of a modern entrepreneur."<sup>2</sup>

## MOROCCO'S SYSTEMATIC ECONOMIC REFORMS

In addition to dynastic continuity and religious legitimacy, King Hassan has brought Morocco considerable economic progress. Under his free-market economic reforms, initiated in the early 1980s, Morocco gradually has pulled itself out of a serious economic predicament. In the early 1980s Morocco's economy was hit hard by high prices for oil, Morocco's chief import, combined with low prices for phosphates, one of its leading exports, and droughts which ravaged Moroccan agriculture. Chronic budget and trade deficits and ballooning foreign debt forced Rabat to undertake structural economic reforms approved by the International Monetary Fund and the World Bank.

Discarding Morocco's then-fashionable brand of Third World economic nationalism, King Hassan ordered a series of free-market reforms. His government reduced taxes, cut government spending, joined GATT, lowered tariffs and import duties, made its currency convertible, eased licensing restrictions, cut consumer subsidies, modernized the banking system, and encouraged foreign investment. These reforms over the last decade have paid dividends in the form of rising per capita income, lower inflation, and smaller fiscal and balance of trade deficits.<sup>3</sup> Morocco's gross domestic product is estimated at about \$28 billion, making it one of the larger Arab economies. Export-led economic growth has allowed Morocco to stabilize its foreign debt at approximately \$21 billion.

King Hassan has accelerated the pace of reform in the last two years by implementing an ambitious privatization program. Seventy-five state-owned enterprises and 37 hotels worth an estimated \$2.2 billion are slated to be privatized by the end of 1995.<sup>4</sup> The government has encouraged foreign investment in all sectors of the economy except for those reserved for the state, such as air transport. It has improved the investment climate by making regulatory reforms, such as tax breaks, streamlined approval procedures, and access to foreign exchange for the repatriation of profits. Foreign investment has risen steadily from \$227 million in 1990 to \$375 million in 1991, \$504 million in 1992, and \$600 million in 1993. Moroccan officials hope to attract \$1 billion in foreign investment annually by the year 2000.

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security forces reportedly continue to abuse detainees.

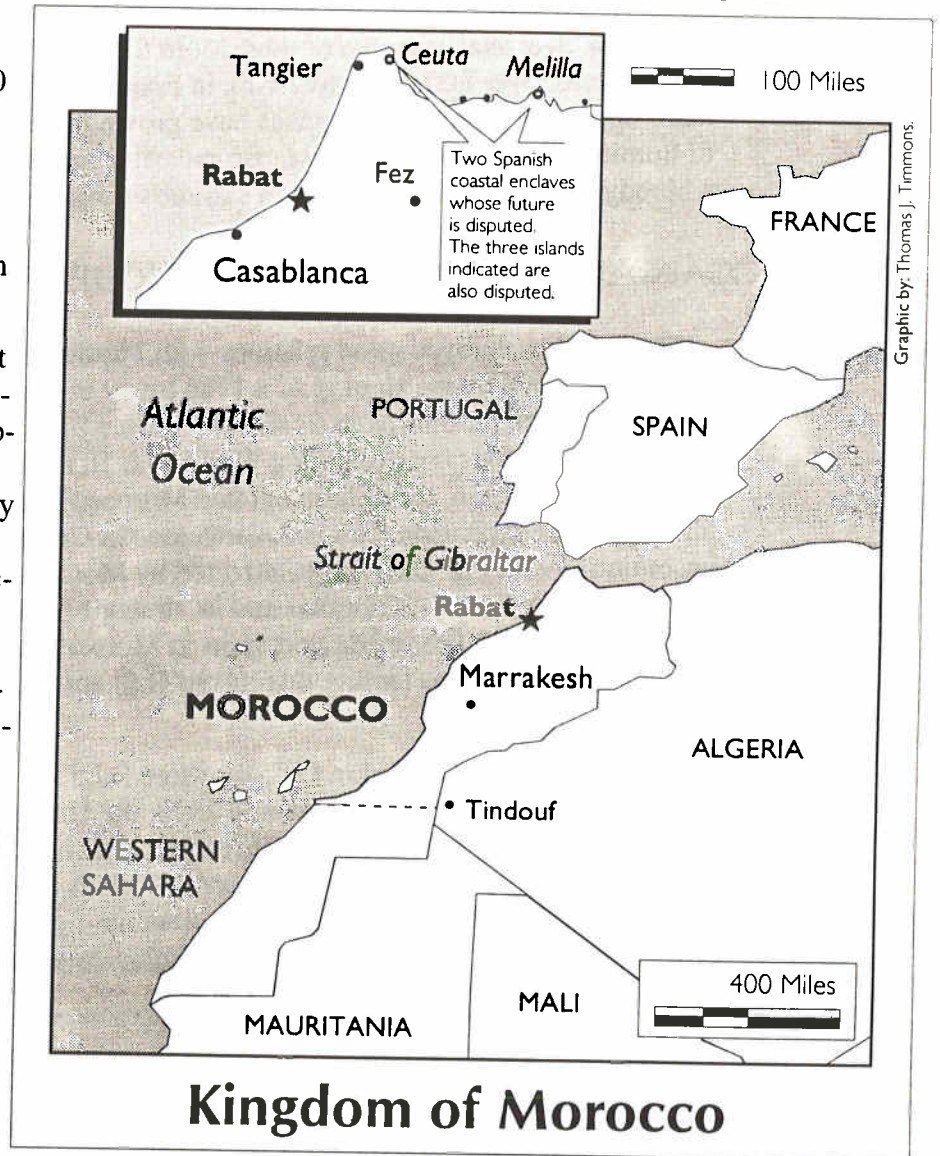
2 David White, "Survey of Morocco," *Financial Times* (London), October 27, 1994, p. 39.

3 Annual economic growth has averaged 4.5 percent over the last decade. Per capita income now is estimated at \$1,030. The public sector deficit fell from 12 percent of GDP in the early 1980s to 2 percent in 1993. Inflation was 4.5 percent in 1993. *Ibid.*, p. 37.

4 David White, "Morocco Plans to Extend Scope of Privatization," *Financial Times* (London), July 16, 1994, p. 6.

Surging foreign investment, accelerating privatization, and 1993 stock market reforms have energized the previously sleepy Casablanca stock exchange. Trading volume increased by 365 percent in 1993 alone, and it has become the second-largest stock market in Africa (after South Africa's) with a market capitalization of \$5 billion.<sup>5</sup> This dynamic stock market, which international investors now consider one of the most profitable emerging markets in the world,<sup>6</sup> attracted about \$200 million in foreign investments in 1994 and is expected to attract about \$500 million in 1995.<sup>7</sup>

Due in large part to rising foreign investment, an exceptional cereal harvest, and a recovery in phosphate production, the Moroccan economy grew by a record 8 percent in 1994.<sup>8</sup> Economic growth is expected to slip back to 6 percent in 1995 and 5 percent in 1996.<sup>9</sup> Although agriculture, which makes up about 18 percent of Morocco's GDP, may be hard hit by a drought this year, Morocco's far-reaching economic reforms should lay a solid foundation for continued economic progress.



5 Frances Ghiles, "Hassan Speeds Business Ventures in Morocco," *Financial Times* (London), January 28, 1994, p. 11.  
 6 Economist Intelligence Unit, *Country Report: Morocco*, Fourth Quarter, 1994, p. 6.  
 7 David White, "Survey of Morocco," *Financial Times* (London), October 27, 1994, p. 40.  
 8 Economist Intelligence Unit, *Country Report: Morocco*, Fourth Quarter 1994, p. 6.  
 9 *Ibid.*

Despite Morocco's strong economic growth and job creation, unemployment remains a critical social challenge and a potentially explosive political issue. Although the unemployment rate officially is pegged at 16 percent, it is believed to be more than 20 percent overall, with college graduates facing an 11 percent unemployment rate while high school graduates suffer 33 percent unemployment.<sup>10</sup> This is a dangerously high rate in a nation where two-thirds of the population is under the age of 25. In the past, Moroccans have gone overseas in search of jobs. More than 1 million have emigrated to Western Europe, with over 800,000 now living in France alone. But this safety valve may not remain open much longer. Europeans have grown increasingly concerned about the influx of immigrants from North Africa, particularly from Algeria, which has been engulfed in a bloody civil war between Muslim extremists and a secular military regime.

## MOROCCAN-AMERICAN STRATEGIC COOPERATION

The U.S. has enjoyed good relations with Morocco since formal diplomatic relations were established by the signing of a 1786 treaty of friendship. This agreement, still in force, is the longest unbroken treaty relationship in U.S. history. America helped liberate Morocco from Axis control during World War II. Following Moroccan independence from France in 1956, the U.S. integrated Morocco into its global alliance system for containing Soviet expansion. The U.S. Strategic Air Command operated from Moroccan bases until 1963. The U.S. Navy, attracted by Morocco's control of the southern approaches to the Strait of Gibraltar and its strategic location between the Atlantic Ocean and Mediterranean Sea, made port visits at Moroccan naval bases. The Navy also operated a communications facility that linked U.S. naval units in the Mediterranean and the Atlantic.

Morocco has participated in U.S.-sponsored actions to contain and defeat radical forces in Africa. In 1977, and again in 1978, the U.S. airlifted Moroccan troops to Zaire where they helped defeat leftist insurrections against President Mobutu Sese Seko. Rabat helped equip and train the anti-communist UNITA (National Union for the Total Independence of Angola) forces of Angolan freedom fighter Jonas Savimbi and supported him in his struggle against Cuban and Angolan communist armed forces.

The U.S. signed a bilateral defense cooperation pact with Morocco in 1982 that gives American air and naval forces emergency transit, staging, and refueling rights at five Moroccan air and naval bases.<sup>11</sup> The Moroccan armed forces conduct joint exercises with American military forces and receive training, weapons, and equipment from the U.S. Morocco also hosts the Voice of America's largest overseas broadcasting transmitter and has granted landing rights to U.S. space shuttles in the event of an emergency.

Morocco was one of the first Arab states to condemn Iraq for its August 1990 invasion of Kuwait. Rabat dispatched 1,700 troops to join coalition forces in Operation Desert

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<sup>10</sup> U.S. State Department, Bureau of Public Affairs, *Background Notes: Morocco*, November 1994, p. 4.

<sup>11</sup> Claudia Wright, "Journey to Marrakesh: U.S.-Moroccan Security Relations," *International Security*, Spring 1983, pp. 168-169.

Storm, in addition to roughly 5,000 troops that were stationed in the United Arab Emirates before the war.

Morocco also has supported American foreign policy goals in the Middle East by actively promoting Arab-Israeli peace. King Hassan was the first Arab leader to host a visit by an Israeli Prime Minister, secretly meeting Yitzhak Rabin in Rabat in October 1976. In 1977 King Hassan secretly invited Egyptian and Israeli officials to Morocco for face-to-face talks that paved the way for Egyptian President Anwar Sadat's momentous November 1977 visit to Jerusalem. Hassan became the second Arab leader to meet publicly with an Israeli Prime Minister when he boldly invited Shimon Peres, now the Foreign Minister, to Ifrane, Morocco in July 1986.

King Hassan also played a key role as an intermediary between the Palestine Liberation Organization and Israel in the secret negotiations that produced the September 13, 1993, Israeli-Palestinian Declaration of Principles, which was signed on the White House lawn. Prime Minister Rabin stopped in Rabat on his way back from the signing ceremony in Washington to thank the King.

Recently the King has taken the lead in efforts to lift the Arab economic boycott of Israel and normalize relations with that state. Morocco hosted the October 30-November 1 Casablanca Economic Summit, which helped to normalize Israel as an economic partner with the Arab world. Morocco became the second Arab state to establish diplomatic relations with Israel on September 1, 1994, when it announced that it would open a liaison bureau in Tel Aviv.

## THE WESTERN SAHARA DISPUTE

Although King Hassan has taken significant personal political risks to encourage compromise and advance the Arab-Israeli peace process, he has taken a relatively hard-line position on the 18-year-old dispute over the status of the Western Sahara. Morocco occupied the territory, the former Spanish Sahara, after Spain agreed to withdraw from the colony in 1975. Morocco's claim, which has broad national support, was violently resisted by the marxist Popular Front for the Liberation of Saqiat al Hamra and Rio de Oro (popularly known as Polisario), the self-appointed representatives of the native population of the territory, known as Sahrawis. Over 150,000 Sahrawis fled from Moroccan-controlled areas and took refuge across the border near the Algerian town of Tindouf.

Supported by Algeria, and to a lesser extent Libya and the Soviet Union during the 1980s, Polisario waged a protracted guerrilla war against over 80,000 Moroccan troops in the Western Sahara. Polisario's military fortunes declined after the Moroccan army completed a wall of sand embedded with mines to protect most of the major towns and phosphate mines from hit-and-run attacks. Its political fortunes declined when Algeria cut back its support in 1989. Since then Polisario has been weakened by defections, factional infighting, and low morale. It now is estimated to have 6,000 guerrilla fighters, down from a peak of roughly 10,000.<sup>12</sup>

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<sup>12</sup> Chris Hedges, "Morocco Is Accused of Interfering in Affairs of Smaller Desert Neighbor," *The New York Times*, March 5, 1995, p. 8.

The two sides accepted a United Nations-brokered cease-fire in 1991 that was to be followed by a referendum in 1992 to determine whether the Western Sahara would gain independence or remain part of Morocco. The referendum repeatedly has been delayed, first by disagreements over who will be eligible to vote, later by foot-dragging in registering eligible voters. Rabat in the meantime has moved thousands of Moroccan settlers into the territory, and these newcomers are estimated to outnumber the original inhabitants by a ratio of about three to two.<sup>13</sup>

Morocco has used delaying tactics and harassment to obstruct the registration of Polisario Saharan voters by the United Nations Mission for the Organization of a Referendum in the Western Sahara (MINURSO).<sup>14</sup> Rather than enter comprehensive negotiations with its political rivals, as it repeatedly has urged Arabs and Israelis to do, Rabat has shunned direct talks on substantive issues with the Sahrawis. The Moroccan government appears determined to push through a referendum whose legitimacy is likely to be challenged, rather than negotiate a genuine political settlement with its political opponents.

## U.S. COOPERATION WITH MOROCCO

Morocco's modern brand of constitutional monarchy and free-market capitalism is a stabilizing influence in North Africa and the Middle East. To reward Morocco for its moderate pro-Western policies and help create a more stable and prosperous region, the U.S. should:

- ✓ **Support Morocco's drive toward free trade with the West.** King Hassan's economic reform program has given Morocco a stronger economy than many of its neighbors. Moreover, it has helped Morocco thus far to escape the rise of radical Islamic movements that have destabilized Algeria and roiled Egypt. Yet Morocco remains saddled with high unemployment, which provides fertile ground for the recruitment efforts of Muslim extremists. To ease this employment problem and boost economic growth, particularly in its labor-intensive agricultural, clothing, and fishing export industries, Morocco has a vested interest in free trade, particularly with nearby Western Europe. Approximately two-thirds of Morocco's trade is with the countries of the European Union.

Rabat's long-term goal is to enter a free-trade zone with the European Union. In the words of King Hassan's chief economic adviser, Andre Azoulay, "We are eight miles from Europe, and we want to be part of Europe. What we would eventually like is a full free trade zone with Europe, along the lines of the North American Free Trade Agreement."<sup>15</sup> Morocco applied to join the European Union in 1987, but its application was rejected. In 1992 Rabat launched a fresh campaign for exploratory talks on a new "association" arrangement. But the attention of the European Union,

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- <sup>13</sup> Carol Migdalovitz, "Western Sahara: Background to Referendum," Congressional Research Service Report for Congress, Number 95-242 F, February 22, 1995, p. 2.
  - <sup>14</sup> Testimony of Frank Ruddy, former MINURSO official, before the Commerce, Justice, State and Judiciary Subcommittee of the House Appropriations Committee, January 25, 1995.
  - <sup>15</sup> Roger Cohen, "Its Economy Rising, Morocco Lures Investors," *The New York Times*, November 11, 1993, p. A6.



particularly Germany, has been focused more on integrating with the economies of Eastern Europe than on integrating with the economies of the Mediterranean basin.

There are signs that the Europeans, particularly those that border on the Mediterranean Sea, may be changing their minds about closer economic links with Morocco. There is growing concern over the rising tide of Islamic radicalism in Algeria and, to a lesser extent, in Egypt, Morocco, Tunisia, and Turkey. France, Italy, and Spain are increasingly worried about the flow of immigrants, legal and illegal, from North Africa. In October 1994 the European Commission called on the European Union to create a Euro-Mediterranean Economic Area with its North African neighbors that would constitute the world's largest free-trade area. France has taken the lead in pushing for closer economic links with North Africa, but negotiations will be a protracted and grueling affair. European nations like Spain, whose agricultural exports would be in direct competition with Morocco's, seek to minimize and postpone any lowering of trade barriers with Morocco.

The U.S. should give strong diplomatic support to Morocco's campaign to gain greater access to European markets. It should back France's efforts to boost trade across the Mediterranean and anchor Morocco to Europe through free trade and closer political ties. Closer trade links with the European Union not only would bring immediate trade benefits to Morocco, but also would signal a greater Western political commitment to Rabat that would encourage increased foreign investment from the U.S. and Japan as well as from Europe. Washington should warn members of the European Union that if they shun Morocco's entreaties, on the other hand, they will undermine King Hassan's moderate brand of political leadership and increase the risks of regional instability. And reducing the flow of Morocco's exports to Europe will increase the flow of Moroccan emigrants to Europe in the long run.

Washington also should offer to negotiate a bilateral free-trade agreement with Morocco. While Rabat may balk at entering a full-fledged free-trade arrangement because of a desire to protect its nascent manufacturing industries,<sup>16</sup> it may be interested in a more limited arrangement that would not complicate its efforts to gain participation in the European Union. At a minimum, the U.S. should ease its restrictions on Moroccan textile and clothing exports.

While attending the GATT summit at Marrakesh last April, Vice President Al Gore announced the creation of a new U.S.-Morocco trade and investment development committee. This committee should investigate the possibility of negotiating freer trade between Morocco and the U.S. A good first step would be to negotiate a free-trade framework agreement, such as the ones the U.S. has negotiated with many countries in the Western Hemisphere. This framework agreement would lay the foundations for a future free-trade agreement, which would take much longer to negotiate.

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**16** Morocco has a high level of protectionism, with an average tariff rate of 17.6 percent. This lowered Morocco's overall score on The Heritage Foundation's Index of Economic Freedom, although Morocco's economy still was rated "mostly free." Bryan T. Johnson and Thomas P. Sheehy, *The Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation, 1995), pp. 164-166.

Private-sector organizations, such as the Washington-based U.S.-Morocco Investment and Trade Council, also have an important role to play in building closer bilateral economic links. The private sector, more efficient and cost-conscious than governments, has an advantage in matching American companies with Moroccan partners to undertake practical economic projects that enjoy long-term commercial viability.

The American approach should be to foster Moroccan economic growth through trade, not aid. Although the U.S. has provided Morocco with more than \$1.5 billion in grants and loans since it gained independence in 1956, aid has declined in recent years. Congress appropriated \$82 million in aid for Morocco in fiscal year 1993 and \$23 million in fiscal year 1994, and the Clinton Administration has requested \$26.5 million for fiscal year 1995. Morocco's economic reforms merit strong support, but the shrinking U.S. foreign aid budget is not likely to provide it.

- ✓ **Cooperate with Morocco in broadening and advancing Arab-Israeli peace negotiations.** King Hassan, who has served as a trusted intermediary between Israel and Egypt and between Israel and the Palestinians, also could help facilitate a diplomatic dialogue between Israel and Saudi Arabia. King Hassan is believed to enjoy good personal relations with Saudi King Fahd, and the two Arab monarchies historically have been close allies. Israel and Saudi Arabia share a desire to contain Iran and Iraq. Moreover, both have an interest in building a stable peace between Israel and the Palestinians that would contribute to regional stability. The cautious Saudis probably will not sign a formal peace accord with Israel until the final status of the Muslim holy places in Jerusalem is negotiated, but Saudi Arabia could support the peace process by working to end the Arab economic boycott of Israel and by financially supporting moderate Palestinian leaders to strengthen them relative to Palestinian Muslim radicals supported by Iran.

U.S. Ambassador to Morocco Marc Ginsberg has noted that King Hassan has become a "valuable adviser" to President Clinton on the Arab-Israeli peace process.<sup>17</sup> When King Hassan comes to the White House to visit, President Clinton should seek his advice on a wide variety of questions related to peace, including how to revive the stalled Israeli-Palestinian negotiations.

Washington also should encourage King Hassan to continue to act as a catalyst for increased Arab-Israeli economic cooperation. A follow-up to the Casablanca Economic Summit will be held in Amman, Jordan, later this year to explore further possible areas of multilateral economic cooperation. Washington should seek King Hassan's advice on what it is possible to achieve at this conference and cooperate with him on pushing through a practical agenda that will strengthen regional trade, bolster economic growth, and help build confidence between Arabs and Israelis.

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<sup>17</sup> Bernard La Franchi, "U.S. Boosts Morocco Ties in Bid to Stabilize Region," *Christian Science Monitor*, April 14, 1994, p. 7.

- ✓ **Cooperate with Morocco in containing radical Middle Eastern states and Muslim extremism.** Rabat proved itself as a reliable U.S. ally against the Soviet Union, Cuba, and Iraq. Washington now should seek to gain its cooperation in containing Iran and radical Muslim extremists in the Middle East. The U.S. should seek to expand Morocco's military cooperation with the conservative Arab states in the Persian Gulf to help offset Iran's military buildup and the continued threat posed by Iraqi dictator Saddam Hussein. The deployment of several thousand disciplined Moroccan troops in Kuwait would enhance Kuwait's security, bolster deterrence against Iran and Iraq, and reduce the need for a costly rapid deployment of U.S. ground troops to Kuwait in the event of another Iraqi-inspired crisis.<sup>18</sup>

The U.S. also should step up its cooperation with Moroccan intelligence services in monitoring radical Muslim groups based in Europe, Morocco, and neighboring Algeria. There is growing evidence of cooperation between Muslim radicals from both countries, who often travel in the same exile circles in Europe. Washington should press Rabat to curtail financial support for Algerian militants that is believed to be channeled from exiled militants in Europe through Moroccan radical Muslim groups. If the situation continues to deteriorate in Algeria, Morocco quickly could find itself in the front lines against an aggressive Muslim revolutionary power. Washington and Rabat also should make contingency plans for future cooperation in the event the beleaguered military regime in Algeria is overthrown by a revolutionary Islamic regime that threatens both their interests. Cooperation could include military coordination, American assistance with building and operating surveillance radars and other technologies to improve Morocco's border security, and possible joint support for Algerian groups opposed to the new regime.

King Hassan, as the current head of the Islamic Conference Organization and a respected religious leader in his own right, also can play a constructive role in improving relations between the Muslim world and the West. The U.S. should work with him to isolate radical Muslim states and movements opposed to good relations with the West and to broaden the acceptance of Arab-Israeli peace in the Muslim world.

- ✓ **Assist Morocco in reaching a genuine political settlement of the Western Sahara issue.** The U.S. has recognized Morocco's administrative control over the Western Sahara but has not endorsed Rabat's claims of sovereignty. Instead, Washington consistently has supported a negotiated settlement of the future status of the territory that takes into account the views of its inhabitants. But the Moroccans have sought to delay the United Nations-brokered referendum until they can be certain of winning it.

The U.S. has no interest in allowing the creation of a non-viable Polisario-run state. But neither does it have an interest in acquiescing to a cosmetic "solution" through a referendum whose legitimacy is open to challenge. This will only prolong the conflict. Washington should press Rabat to enter direct talks with pragmatic Sahrawis, including Polisario defectors open to compromise, to strike a deal in which

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18 Washington also should press Kuwait to accept Moroccan workers as replacements for the more than 300,000 Palestinians expelled from Kuwait after its liberation because of their suspected pro-Iraqi sympathies. This would provide an outlet for young Moroccans without jobs and increase the flow of remittances back to Morocco from Moroccans working abroad.

Sahrawis would accept Moroccan sovereignty in exchange for considerable regional autonomy and the right of return for over 150,000 refugees still in Algeria. Rabat would benefit by finally resolving a festering issue that could be revived in the future by Algeria, particularly if a hostile regime comes to power.

## CONCLUSION

King Hassan's Morocco has played an important role as a bridge between the West and the Middle East, between the developed and developing world, and between Arabs and Israelis. It is a reliable U.S. ally that can be a force for stability in an unstable region. The U.S. therefore has good reason to support King Hassan strongly and to promote his model of cautious democratization and systematic free market economic reform. But U.S. support for King Hassan's moderate foreign policy goals and domestic reforms does not translate automatically into unquestioned support for his goals in the Western Sahara. On that issue, Washington should urge the King to explore fully the possibilities of a negotiated compromise, just as the King himself has urged Arabs and Israelis to compromise on their even more intractable disputes.

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