THE PARTY OF JUSTICE AND DEVELOPMENT AND POST-2011 ECONOMIC POLICYMAKING IN MOROCCO

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Abstract

An Islamist approach to economic policymaking is increasingly becoming a major policy concern as more Islamist parties secure governing roles. Rising to government in 2011 following the Arab Spring protests, Morocco’s Party of Justice and Development (PJD) offers a rare opportunity to evaluate an Islamist party’s approach to the economy that stands against its own policies. We answer two interrelated questions to this end. First, how has the PJD’s economic policymaking evolved since the party’s ascent to power? Second, what kinds of challenges did the PJD face in a political system shaped by monarchical dominance? The PJD has pursued a neoliberal approach to economic policy combined with social welfare programs for those hurt by these policies. Signs of conflict between these dual priorities demonstrate that the party and its electorate are not unified in their approaches to economic policy. Morocco’s stalled economic progress after 2011 is partly explained by the power dynamic between King Mohamed VI and the PJD. While the two share economic policy interests, the success of a PJD-led government potentially raises serious political and economic implications for the regime. The monarchy has therefore used its control of formal institutions to effectively limit the policymaking tools at the party’s disposal and its freedom to formulate policy. These constraints have profoundly affected the PJD’s ability to govern. The party navigated these constraints with a “dual strategy” of appealing to both the monarchy and the electorate, as well as pivoting from economic improvement to effective governance. The PJD’s experience with governance and economic policymaking carries key implications for other Islamist parties in the MENA region, which face similar constraints on policy formulation.

Introduction

An Islamist approach to economic policymaking constitutes one of the most intriguing policy themes as Islamist parties gain ground around the Middle East and North Africa region and assume governmental roles. Not only does poor economic performance throughout the region pave the way for greater electoral interest in Islamist economic agendas, but it can also allow Islamist parties to build their constituencies and further electoral success on perceptions of economic and governing competence once they are in government (Cavatorta and Amghar 2020). In a post-Arab Spring world, it is important to take stock of the ways in which Islamist parties’ economic policymaking is affected by existing power structures, such as monarchies and their clientelist supporters and the strategies used by Islamist parties to navigate these power dynamics. Critically, the governance experience of some Islamist parties in countries such as Morocco and Turkey can have major implications for other Islamist parties in the region who face similar policymaking constraints.

The Moroccan Justice and Development Party (PJD) is one such Islamist party. Since its ascent to power on the heels of the Arab Uprising, the PJD has aligned itself with economic globalization and concomitantly pursued a liberal economic agenda. Led by Abdelilah Benkirane, the party set the PJD government’s priorities in economic liberalization, balancing the budget, and anti-corruption policies. Such policies have indeed won the
party popular support: in 2015 and 2016, the party increased its share of the popular vote in local and parliamentary elections, respectively. This electoral success follows a larger pattern of Islamist parties entering governing positions across the MENA region to fill the perceived void in economic competence, with varying levels of success. The PJD’s liberal approach to economic policy, which has significantly burdened its low- and lower-middle class constituencies, is further complicated by the constraints posed on incumbent governments by King Mohammed VI. Thus, the governing experience of the PJD since 2011 raises two sets of interrelated questions. First, how have the PJD’s economic policies evolved between the pre- and post-2011 periods, and what are the parameters of this change in the party’s economic policymaking? Second, how does the PJD navigate the electoral and royal constraints on its economic policies? Does the party respond to these challenges by changing its economic policy or its political discourse?

Morocco’s PJD has leaned toward the liberal end of the economic spectrum since its formation as a political party in the 1990s. Two factors reinforced the party’s economic orientation in the pre-Arab Spring period. First, competition for the Islamic constituency shaped where and how the PJD positioned itself for the best electoral prospects. Second, the evolution of the Islamist movement in Turkey and the rise of the AKP as liberal economic stalwarts deeply influenced the economic thinking of the PJD’s leadership. The implementation of liberal economic policies by an Islamist party and its subsequent success in Turkey provided a preview of potential electoral ramifications for economically liberal policies enacted by other Islamist parties in the region.

Once it assumed a governmental role following the Arab Spring protests in Morocco, the PJD largely adhered to its pre-2011 liberal economic orientation. The continuity in the party’s pre- and post-2011 discourse and policies in government reflects two aspects of PJD governance: ideological commitment to liberal policy, and the feasibility of acting on its policy objectives in view of the constraints posed by the monarchy in a political environment where the governing party enjoys little governing autonomy (Bogaert 2018). The PJD’s experience in governance is particularly relevant to the broader MENA region and the Islamist parties within it that are increasingly assuming governing roles.

**Background: The Moroccan Economy**

The PJD’s approach to economic governance shifted toward liberalism long before most Islamist parties made strides in that direction; the party had an established stance on greater economic integration with the rest of the world, export promotion, small and medium enterprise (SME) promotion, and improved social welfare. Various factors contributed to the PJD’s liberal conceptualization process of economic policymaking. The economic liberalization policies adopted by King Hassan II and how they affected some core constituencies of the party throughout the 1990s have been key to this process. Likewise, the party’s pursuit of legitimacy following its venture into the formal political space pushed the PJD to follow the government’s overall policy direction and avoid conflicts.
Morocco set out on its liberalization journey in the early 1980s. Previously, the country was no different than many other state capitalist economies throughout the region, resembling a “state-directed development” model (Kohli 2004). In this model, the role of private enterprise remained limited, and the state dominated the economy. As in the rest of the region, political considerations loomed large over economic policymaking; guardianship of the state and political elite determined private actors’ economic behavior. It was ultimately the legacy and contradictions of import-substitution-industrialization (ISI) policy that became the impetus for the introduction of liberalization policies in this period.

To stabilize the economy in the face of increasing debt, initial steps toward economic liberalization were taken in 1977 by way of decreasing government subsidies for essential food items. The real push for liberalization, however, did not come until 1983, when current account deficits rose to almost 13% of the GDP and foreign currency reserves dried up (Richards and Waterbury, 1996: 237). On the advice of international actors such as the IMF and the World Bank, King Hassan II set out on a new course for economic stability and an improved state of a balance of payments account that would last until 1992.

This successful period of structural adjustment programs led some to describe it as a “textbook case” for instituting economic reforms (Maghraoui 2002, 26; Richards and Waterbury 1996). Indeed, a World Bank official made the following statement in reference to the success of the Moroccan liberalization reforms: “Morocco is perhaps the only country in the world which has, at the same time, created a realistic hope for a durable solution to its foreign debt problem, put in place a basic program of structural adjustment, re-established a sound balance of payments situation, instituted monetary stability, and stifled inflation while carrying through economic growth at about 4% a year.” (Quoted in Richards and Waterbury 1996, 237).

Morocco’s new economic orientation entailed two fundamental goals. Domestically, the reforms aimed to minimize the state’s involvement in the economy by introducing privatization, ending state subsidies and price distortions, and floating the currency (Pfeifer 1996; White 2001). Internationally, the reforms aimed to integrate the Moroccan economy into the global one by removing trade barriers, implementing an export-oriented strategy, and encouraging domestic and foreign private investment.

As a result of liberalization reforms, the bulk of quantitative restrictions on imports were lifted; Morocco joined the General Agreement on Tariffs and Trade (GATT) (Denoeux and Maghraoui 1998, 59); export restrictions such as export duties and licenses were eliminated; and the government provided private businesses with export subsidies and incentives. Likewise, the Moroccan government abolished the 1973 Morocconization Law which required Moroccan partners for foreign investors, paving the way for greater foreign investment. The government also established the Ministry of Foreign Trade, Foreign

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1 Import-substitution-industrialization (ISI) policy involves state-sponsorship of domestic industries in order to reduce import consumption.
Investments, and Tourism to minimize bureaucratic challenges that investors might face (Denoeux and Maghraoui 1998).

King Hassan II’s personal involvement in the liberalization process helped facilitate its success. With a personal and political stake in the process, the king avoided measures to undermine the effectiveness of the reforms: “King Hassan took advantage of his triple role of broker, supreme leader, and businessman to push not only economic transition in general, but also the marginalization of political figures and business leaders reluctant to follow along.” (Cohen 2004, 77-78). In addition to the king’s leadership and perseverance, the comprehensive and swift nature of liberalization reforms can be attributed to the implementation of a successful export promotion policy (Maghraoui 2002).

Economic liberalization was strengthened during the second phase of reforms in the 1990s, with the primary goal of stimulating private investment (Pfeifer 1996). Despite their many problems, the reforms were deemed successful at enhancing the competitiveness of Moroccan firms in sectors such as textiles (Cammett 2007). An important outcome of this liberalization process was the emergence of the “new men” (Richards and Waterbury 1996)—a new class of business owners who held a vested interest in economic openness and international trade. They were primarily small and medium-sized business owners and disproportionately contributed to the success of a liberalizing Moroccan economy (Denoeux and Maghraoui 1998, 64). Big business owners, by comparison, embraced liberalization policies out of loyalty to the Royal Palace, makhzen, and political expediency. The country’s main big business representative, Confédération Générale des Entreprises Du Maroc (CGEM), supported the reforms with occasional criticisms.2

The masses were mostly supportive of reforms for several reasons. First, for most people in the labor force, the standard of living did not deteriorate during this period. There was an increase in income for the agricultural sector because price controls were eliminated, and the market grew (Morrison 1991). An increase in the manufacturing sector minimum wage toward the end of 1990s was a key factor in ensuring support for liberalization by urban low-income workers. Second, the Moroccan government increased public spending in the 1980s and 1990s. Education, social protection, and wages either remained stable or increased as a share of public spending (Figure 1). Lastly, job creation mitigated the negative effects of liberalization reforms and partially compensated the losers in the process. For example, total employment in Morocco grew by around 50% in urban areas between 1989 and 2003, while labor force growth was 40% and population growth was only 25% during the same period.3 Mohammed VI complemented neoliberal policies with welfare projects, yet these policies were not indicative of gradual democratization or liberalization but of the intersection between globalization and authoritarianism in Morocco (Bogaert 2018).

2 While CGEM represented the big businesses prior to liberalization, the organization obtained a dual character in terms of the interests it intended to represent with the integration of the newly emerging businesses throughout the Moroccan economy.

3 Data from World Development Indicators and International Labor Organization.
Nonetheless, the economic liberalization reforms took a toll over time. Urban development in Morocco is a product of both globalization/neoliberal policies and maintaining regime stability, resulting in increasing socioeconomic inequality. Because the “riotous city” was often the source of unrest from opponents of neoliberalism (i.e., Morocco’s IMF riots), urban development also became a tool for state security (as well as creating a space of privilege and wealth accumulation in Morocco) (Bogaert 2018). Living standards failed to improve for the average Moroccan after the mid-2000s, and the youth bulge exerted a disproportionate burden on the Moroccan government to create jobs for this young workforce. Compounded by the popular perception of widespread corruption, economic discontent grew into what is known as the “20 February Movement” during the Arab Spring.

Figure 1. Public Spending by Category in Morocco


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4 Morocco’s IMF riots, also known as the Casablanca bread riots, occurred in 1981 in response to rising food costs due to austerity measures imposed by the IMF.
Pre-2011 Economic Outlook of the PJD

The Party of Justice and Development’s economic position until 2011 is the manifestation of several considerations. The semi-competitive liberalization undertaken in Morocco (Yildirim 2016) shaped the PJD’s economic discourse. In particular, the distinct and partial ways that the Moroccan economy adopted liberalization reforms produced diverging fortunes for members of the Islamic constituency. While one segment of the Islamic constituency—the small and medium-sized business owners—were among the winners of the liberalization process, the Islamist constituency among the low- and lower-middle classes fared worse. The PJD’s greater identification with the winners and much less so with the losers of the liberalization process led the party to tailor its economic policy in view of small and medium-sized business owners.

Two key economic divides exist between export-oriented vs. import-competing sectors and SMEs vs. big businesses. These conflicts, to some degree, overlap and contain crosscutting elements. For example, big businesses are characterized by production for both foreign and domestic markets. At the same time, a significant portion of companies that export are SMEs. Similarly, many informal companies focus on the domestic market while engaging in subcontracting arrangements for foreign firms and tend to be short-lived. Another distinguishing feature of these conflicts is the origin of these interests. Big businesses tend to be of Fassi origin, politically well-connected, and older—they can claim the king among their own ranks. SMEs, by contrast, are much younger and less connected.

In this regard, one essential element of the PJD’s economic platform was addressing the challenges faced by small and medium-sized businesses, as the party deemed them the winners of the liberalization process. The main reason for this focus is the party’s self-identification with small businesses and the perception that small and medium-sized business owners in Morocco are integral to the party’s base; the identification with SME owners became more pronounced after the mid-1990s. The party drew attention to two distinct issues as they relate to SMEs. First, because of their central role in the Moroccan economy, SMEs should be supported by the state. In the absence of a stronger SME base, the broader economy would likely suffer. Second, greater SME participation in the liberal Moroccan economy would, according to the party, boost the Moroccan economy’s overall level of competitiveness.

In the pre-2011 period, the PJD stuck to its liberal economic position; this orientation was accompanied by occasional emphasis on the problems brought on by Morocco’s integration into the global economy. For example, the free trade agreements (FTAs) that Morocco signed with the U.S., the E.U., and Turkey were a point of contention. The PJD determined its favorable position on these FTAs with their socioeconomic implications in mind.

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5 Melani Cammett’s analysis of the Moroccan businesses from a historical perspective is one of the most authoritative analyses on the subject. Cammett (2007) analyzes the conflict between old businesses and new businesses and discusses the conflict between “fat-cats and self-made men” of the Moroccan business world.
In contrast to Islamists’ historically unfavorable approach toward global economic integration, the PJD’s economic policy was formulated from a perspective that prioritized its overall societal rather than ideological benefits. For example, the PJD’s 2007 electoral program highlights issues such as investment and production instead of identity. Likewise, the electoral program references Morocco’s position in the global development index and underscores tangible development issues with data (PJD 2007 Electoral Program). The party program also called for specific economic goals addressing issues such as GDP growth rate, public debt, and government budget (PJD 2007 Electoral Program).

The PJD’s views on social spending and protection for the less fortunate in society are an extension of its perception of where its social base lies. For the PJD, poverty is an outcome of integration into the global economy and modernization. This perspective on poverty and social welfare differs from the conventional Islamist position that poverty is the result of certain policy choices with predictable effects. As such, it is an area that demands the state’s attention. The PJD’s social policy, in this regard, calls for the state to eliminate poverty and tackle unemployment—a principal source of poverty. The party draws its position on economic and social policymaking in connection with its perceived base. When considered in tandem, the PJD’s discourse on economy and social policy mirrors the party’s distinct expanded societal base: largely middle-class, urban, and SME owners (Shahin 1997, 195; Willis 2004, 71).

**Post-2011 Economic Policymaking**

King Mohammed VI’s response to the Arab Spring protests and its manifestation in the February 20 Movement was focused on political liberalization, fighting corruption, and economic development (employment and higher incomes were the most important demands). The PJD’s willingness to participate in government, in view of the king’s priorities, would bring commensurate risks as well as rewards. In particular, the party would be subject to greater scrutiny and face pressure for accountability due to its performance in government. Not having been included in government until 2011, the PJD had largely escaped such pointed scrutiny and accountability in the public eye.

Based on a recent survey conducted by the Baker Institute for Public Policy (Yildirim and McCain 2019), Moroccans view an improved economy as among the most important goals of the Arab Spring protests. Respondents considered economic issues such as social justice, fighting corruption, and improvement of the economic situation to be at the center of their demands for reforms. This is in line with findings from elsewhere in the region (al-Anani 2020; Cavatorta and Resta 2020; Cavatorta and Amghar 2020). Approximately 55% of the respondents indicated that these economic issues were among the top three goals of the Arab Spring protests in Morocco.6

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6 Our findings in this survey are supported by other work in the field. For example, the Arab Transformations Project (led by Andrea Teti) finds similarly that the primary drivers of the protests were “endemic corruption and economic dislocation.” The project findings are available at [https://www.arabtrans.eu](https://www.arabtrans.eu).
The Party of Justice and Development and Post-2011 Economic Policymaking in Morocco

Figure 2. Opinion survey on the goals of the Arab Spring Protests

Source: Survey data from the Baker Institute for Public Policy (Yildirim and McCain 2019).

The PJD’s rise to power, in this regard, overlaps with Moroccans’ dissatisfaction with the economic conditions in the country over the years (Bogaert 2015). The circumstances of the PJD’s rise to power reflect the unique urgency of economic issues at the societal level. Islamist parties typically uphold property rights, do not endorse nationalization, and are open to international trade. Simultaneously, they call for good governance, an end to corruption, and social justice. While at times they embraced “Islamic” economic solutions such as Islamic financing or the institutionalization of Islamic social aid, these prescriptions usually do not gain much traction. The state’s role in the economy is one area where there has been greater variation in views among Islamists. Even on this topic, the inclination is to ensure a big state role in the economy. The historically large economic role of states within a context of underdevelopment can partially account for this inclination on the part of Islamists. Considering the social tension, economic anxiety, and mounting socioeconomic challenges, the PJD’s approach to the economy has largely been pragmatic during the party’s first stint in government and aligned with Islamist parties’ economic discourse elsewhere. While adhering to the basic parameters of economic policymaking in the country, the real difference that PJD governance could offer would be improvements in economic management.
The Party of Justice and Development and Post-2011 Economic Policymaking in Morocco

The PJD’s post-2011 economic approach can be characterized as neoliberal, largely in line with its pre-Arab Spring economic stance. In particular, the Turkish model—best represented by fellow Islamist AKP’s successful economic policies throughout the 2000s—underlies the PJD’s economic thinking. On one hand, the party aims to pursue liberal economic policies and integration into the global economy as its preferred path to economic development. Lacking a rich natural resource endowment, an export-oriented strategy combined with an emphasis on building infrastructure is the party’s path forward for Morocco. On the other hand, however, the success of this strategy greatly depends on the dividends that such an approach can produce in the short term. This is particularly crucial to maintaining public support for the liberalization process. Failing to deliver tangible positive outcomes could result in shrinking support for these policies and the inability to compensate the losers of the process.

The PJD’s partners in government express confidence in the party’s economically liberal credentials. For example, the leader of RNI (National Rally of Independents), Mohamed Boussaid, worked as a partner of the PJD government starting in 2013. A liberal center-right party that prioritizes economic development and competition, the RNI oversaw the finance ministry during its time in the governing coalition. While Boussaid expressed some reservations about the PJD leadership in general, he had a much more favorable view of Abdelilah Benkirane, the leader of the PJD and the then-prime minister: “I’ve had Prime Minister Benkirane here in this very office, and my sense in talking to him is that he is an economic liberal at heart … I don’t think that’s the case with most of the PJD leadership, which doesn’t really have any knowledge or interest in economic issues.” The continuity in the PJD’s liberal economic policies in the post-Benkirane era convinced Boussaid and the RNI to continue as a junior coalition partner in the PJD-led government (Hammond 2016).

How has the Moroccan economy performed since the PJD’s rise to government? While there have been some areas of economic improvement since the party’s ascent to power, there are several areas that signal long-standing issues with economic policymaking and the inherent difficulties of a political system formally divided between the king and the PJD.

Overall economic growth and performance has been inconsistent, in part due to the Moroccan economy’s disproportionate reliance on rainfall for agricultural production. Since 2011, annual GDP growth ranged between 1.2% and 5.2%. The worst year in this period was 2016 because of scarce rainfall; the poor agricultural yield affects other sectors due to spillover effects. While Morocco is trying to offset these negative effects by focusing on other sectors of the economy, it is unclear how soon gradual progress in non-agricultural sectors might translate into gains for the rest of the economy and the labor market.

Phosphate mining is another important sector of the Moroccan economy (the country is the third largest global producer of phosphates), but it is subject to price fluctuations in global markets. Morocco is thus unable to treat the export of phosphate resources as a consistent source of revenue.
The Party of Justice and Development and Post-2011 Economic Policymaking in Morocco

**Figure 3.** Annual percentage growth rate in GDP.

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It follows that a major challenge facing the Moroccan economy is moving away from such unreliable sources of revenue. The key to an improved and transformed economy lies in the country’s ability to transition to more reliable revenue sources. To this end, Morocco is pushing for greater foreign direct investment (FDI) by Western and Gulf countries, improved infrastructure, and development of the tourism and automotive sectors.

Among the actions taken by the PJD government to improve the economy are construction projects, privatization, and “public-private partnerships for the provision of public services” (Drhimeur 2018). The construction sector in particular—especially large infrastructure projects—led economic growth efforts during the PJD government. As a result, government spending on ports, airports, roads, and transmission grids drives most of the growth in this sector. Among these projects are the Port of Tangier (Tanger Med), the largest port in Africa; the 172-kilometer-long Casablanca-Tadla-Azilal highway; and Casa-Marina, a residential and business development project in Casablanca.
Looking forward, the Moroccan government announced several ambitious infrastructure projects that demonstrate its developmental strategy. The Ouarzazate solar power plant; Green Morocco Plan; 2,000-kilometer-long railroad lines; and high-speed line between Casablanca and Tangier are projects with estimated costs of tens of billions of dollars.

Other areas of improvement in the PJD-led Moroccan economy include attracting foreign investment. The PJD's main motivation for FDI in Morocco is “cultivating local expertise and transferring technology” (Saif and Abu Rumman 2012). To this end, the government employed various incentives such as duty exemptions, tax breaks, and subsidies. Free trade zones like the Tangier Free Zone offer foreign investors additional logistical and infrastructural advantages. Automobile companies such as Renault, Ford, and Peugeot Citroen have plans to invest several billion dollars in Morocco as part of their development strategies. Similarly, Boeing signed an agreement with the Moroccan government for developing an industrial zone in the country (Hammond 2016). With suppliers and subcontractors complementing each company, the Moroccan government hopes that these foreign direct investment opportunities may further boost the economy.

**Figure 4. Foreign Direct Investment**
Likewise, the PJD made improvements in creating a more favorable business environment, especially for small business owners and new entrepreneurs. In its 2011 campaign pledge, the PJD promised to increase opportunities for small business owners and (young) entrepreneurs, including providing easier access to loans. In this vein, the government created a new social benefit status to spur entrepreneurship and private sector growth by offering social coverage (social benefits) for those who are self-employed or have initiated a new business. Another area where the PJD government promised progress is tax policy. The party pledged to boost tax enforcement and improve Moroccan tax policy by reducing tax rates for low-income groups and companies; in addition, the top tax bracket was to be reduced from 30% to 25%. Lower taxes for large firms, tax credits, and other incentives for small firms were undertaken in this period (Drhimeur 2018).

Nonetheless, the PJD-led economy did not deliver on many fronts. The PJD aimed for a high annual growth rate before the party took office in 2011 but, as discussed above, the government failed to succeed. Drought-related problems in agricultural production, falling tourism revenues, and a steep decline in phosphate revenue have led to a poor economic performance in recent years.

Figure 5. Current account balance as percentage of GDP


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In addition, the greater focus on attracting foreign investment has led to an increase in the cost of living and unemployment rate. The PJD therefore increased public spending to counteract the negative effects of liberalization policies. In particular, the government targeted “energy subsidies and higher public sector salaries in order to counter the effect of inflation and stave off discontent. To do this, the government had to take out a large line of credit from the IMF... the IMF approved a $6.2 billion credit line for Morocco” (Chemier and Albrecht 2014). Among the various social programs initiated by the PJD to counter the effects of liberal reforms on the broader population are cash transfers, educational scholarships, and improved health insurance coverage (Drhimeur 2018, 2).

The party’s dual priorities of liberalization and social protection, however, have conflicted on multiple occasions. In June 2018, PJD member and Minister of Governance Lahcen Daoudi faced party backlash for supporting a sit-in protesting a popular boycott against French-owned Centrale Danone. Daoudi’s position, seen as a stand against the citizens’ demands, was condemned as “unreasonable and inappropriate” in a statement issued by the PJD general secretariat, and he later resigned from his position (MEE 2018). The PJD’s stance in support of the boycott hints at two conflicting facets of the party’s economic policy: support for low- and lower-middle class Moroccans and support for large corporations relative to SMEs. The party’s willingness to embrace a liberal economy while advancing social welfare policies was evident in April 2020, when Morocco obtained IMF funding to limit the economic fallout from COVID-19 (IMF Communications Department 2020). PJD member and Prime Minister Saadeddine El Othmani continued the government’s response to COVID-19 when he announced new economic programs in July 2020, focusing on goals such as increased foreign investment, fostering competition among domestic businesses, and reforming social protections (Hatim 2020). Through its response to consumer behavior and economic crises, the PJD has demonstrated clear support for liberal, free market policies. This is complemented by and occasionally conflicts with the party’s simultaneous focus on its voter base, which requires proactive, supportive social welfare policies.
The Party of Justice and Development and Post-2011 Economic Policymaking in Morocco

Figure 6. Unemployment Rates in Morocco

![Unemployment Rates in Morocco](image)


This focus on increased public spending aligns with the PJD’s “neoliberal” outlook where they consider “societal outcomes as extraneous to the development process rather than a constituent part of it” (Saif and Abu Rumman 2012).

The Monarchy, the PJD, and Economic Policymaking

The PJD’s ascent to power reflected a convergence of interests for both the king and the party during the early stages of the Arab Spring protests. Facing popular pressure for reform, the king aimed to launch further economic reforms and delegate some policymaking to a popular political actor, such as the PJD, in an effort to engage in a limited decentralization of power. This strategy—embedded in a broader institutional structure designed to ensure the longevity of the monarchy—allowed the king to retain actual power amid a façade of greater democratization (Buehler 2013; Frederiksen 2013; Cavatorta 2016). For the PJD, this shot at governing was an opportunity to legitimize its claim to power. Not only was the party in agreement with the king on an economic liberalization policy in principle, but it also aimed to create jobs, fight corruption, increase policy efficacy, and provide a more welcoming business environment for investors. The
risk for the PJD was immense, however. The party did not control the key components of the policymaking process, yet it assumed the risks associated with actual policies regardless of whether the party had control over them. By contrast, the king could easily shift blame to the PJD for failed or unpopular policies, simultaneously undermining a political actor that threatens his legitimacy as a political and religious leader.

As the major partner in the coalition, the PJD took some heat for the government’s economic policies. Liberal criticism focused on the implementation of policies and not on their content or viability. The failure of the PJD’s economic policymaking was due to “an over-emphasis on laws and institutional procedures,” critics said. Put differently, its embrace of “evolutionary institutionalism” undermined the reform process. Others claimed the prioritization of risk aversion in an environment of uncertainty drove the PJD’s economic policy, with the goal of minimizing the negative fallout from ineffective and irreversible policies (Looney 2015).

Such a take on the PJD and its economic policymaking, and more broadly criticism of the PJD with respect to its economic policymaking, misses the larger context in which the party operates. The party is entangled in three distinct dynamics that constrain its ability to independently formulate economic policy—a capacity for the PJD that both liberal and conservative critics tend to assume.

First, the PJD does not have the policy independence we might assume about governments in other contexts. While there is a convergence of economic policy interests between the PJD and the monarchy toward a liberal economic model, the incentive structures faced by the party and the king are different, thereby leading to diverging priorities in achieving a liberal economic order. As the ultimate decision-maker in the country, the king is not subject to the same electoral constraints as the party. Moreover, he enjoys political and religious legitimacy that supersedes the ebb and flow of daily policymaking. The PJD, in contrast, must be mindful of the policies it pursues because of their implications for the electorate and the monarchy.

Even when the PJD engages in reform efforts, the odds of hitting a dead-end are notably high because of possible ramifications on the makhzen or those close to the king. For example, when the PJD government wanted to inject new life into the National Body for Integrity, Prevention, and the Fight Against Corruption, the reform efforts fell short of providing the body with the autonomy it requires in its investigation of corruption allegations. The key reason was the near certainty that investigations into corruption would reach individuals who were part of the clientelist network of the makhzen (Fakir 2017). Reforming subsidies is another instance of a potentially helpful socioeconomic measure that the PJD has chosen not to undertake. Among other topics such as income disparities and corruption in the upper ranks of government, this constitutes a politically sensitive issue for the party. In the likely scenario that these measures would hurt the king’s business interests, the PJD would have to take the brunt of any public backlash (Ottaway 2012).
In addition to the king’s unwillingness to yield autonomy to the PJD on policy matters, there is another reason the king is wary of the PJD in government: the party poses a fundamental challenge to the king’s legitimacy on religious grounds. According to Article 41 of the Moroccan constitution, the king is “commander of the faithful.” By utilizing religious symbolism, services, and messages, the PJD contests the king’s exclusive claim to religious leadership and legitimacy. The PJD presents its leadership cadre as “good Muslims” who possess a solid moral foundation for their conduct and policy undertakings. The party platform similarly emphasizes the fact that Islam informs the values of the party and constitutes “its moral capital” (PJD Party Platform 2011). The possibility of an economic policy success, especially coming from a religious actor, poses the most potent challenge to the legitimacy of the monarchy. For the moment, as Sarah Feuer explains, the PJD has pushed the monarchy into the realm of greater accountability: “The monarchy’s increasing discursive attention to accountability and good governance, for example, is a positive development, even if it also partly reflects an effort to undercut the leading party’s claims to represent a broad base of Moroccan society, and even if such rhetoric has not always been accompanied by immediate policy changes” (Feuer 2018, 3).

Second, the PJD does not control all tools of economic policymaking as the major coalition partner of the Moroccan government. What are some of the limits set by the king? These constraints essentially mirror general constraints the monarchy has imposed on parties. One key mechanism limiting the PJD’s ability to independently form policy is the “behind-the-scenes political maneuvering and the utilization of other political parties” by the makhzen that limit the options available to the PJD and elicit compromises in the party’s positions (Maghraoui 2018). For example, the monarchy specifically supports parties like the PAM to weaken the governing and electoral power of the PJD (Storm 2018). The PJD’s inability to form a coalition government after the 2016 elections illustrates the monarchy’s leverage over political parties. The highly fragmented nature of the party system contributes to the fundamental challenge of governance in Morocco, and the monarchy’s targeting of the PJD poses a serious threat to the broader democratization process in Morocco (Szmolka 2010; Storm 2018).

Morocco’s electoral system produces parliaments that require any party to have multiple coalition partners to obtain a chance at governance. The fragmented design of the Moroccan political system allowed the monarchy to escape the protests that swept through other states during the Arab Spring. This success was a result of not only the monarchy’s institutional strength, but its manipulation of the parliamentary system to ensure that any opposition would be incredibly weak and susceptible to the mechanisms of the monarchy (Daadaoui 2017). The PJD is no exception to these efforts; as a moderate Islamist party, it initially entered parliamentary elections on terms negotiated by the king that limited its electoral competitiveness. Through the strategic inclusion of opposition groups in formal political institutions, the king was able to check potential resistance movements while boosting his own legitimacy (Storm 2007).
Such a highly divided party system prevents any one party from having a dominant say in policy formation or implementation. It also opens the door for the monarchy to have outsized influence over the policymaking process. Likewise, key ministries—including those that deal with the economy—are entrusted to politicians who maintain a close relationship to the monarchy or technocrats whose primary loyalty is to the king. While opposition groups may have the desire and popular support to enact reforms, the monarchy’s threat of limiting their power incentivizes maintaining the status quo (Lust-Okar 2005). This power dynamic between the monarchy and political parties in Morocco parallels a broader trend in the Arab world where regimes maintain influence by manipulating and weakening opposition groups.

The king has exercised his ability to constrain the PJD in various ways. For instance, in a 2013 political crisis created by the withdrawal of the PJD’s partners from the governing coalition, the king used his leverage to push for more technocrats in the cabinet (Drhimeur 2018). This, in turn, allowed the monarchy to exert greater control over the government and its policymaking ability. And on October 24, 2017, the king discharged four ministers and blocked several others from taking on ministerial positions in a direct intervention against the PJD’s ability to govern. Another crucial challenge to the PJD’s economic policymaking ability is its lack of control over the central government’s budget. The party controls less than 10% of the central government’s budget, severely limiting its ability to undertake economic and social policies to serve distinct constituencies or shape economic policy in important ways (Tome-Alonso 2018). The overall result has been a lack of coordination between the government and the bureaucracy across different components of economic policymaking, conflicting economic priorities, and at times the undermining of each other’s policies (Looney 2015).

Lastly, the party faces internal constraints as it determines its own economic policy, much like other Islamist and Salafi parties (Cavatorta and Resta 2020; Cavatorta and Amghar 2020). There is considerable intellectual work among Islamists questioning the move toward unbridled neo-liberalism (al-Anani 2020; Daher 2020). In addition to broad popular discontent with economic policymaking, the choices the party had to make—or was forced into—create additional limitations. The precarious situation in which the PJD found itself by assuming a governing role in a monarchy with an executive king is also doubly threatening to the PJD; the institutional constraints placed on the party create conflicting incentives.

One example of this conflict between the electorate and monarchy-approved policies has occurred in urban food governance. In the major cities of Casablanca and Rabat, the neoliberal approach of the PJD has come into conflict with the conservative policies of the makhzen (Rousseau, Boyet, and Harroul 2020). The simultaneous increase in electoral support and opposition from makhzen-controlled agencies illustrates the dilemma experienced by the PJD. On one hand, the policies, actions, and discourse that might boost the party’s popularity among its own base and the broader electorate risk being perceived by the regime as a threat to its own legitimacy. While policies such as dedicated efforts at reform and fighting corruption put the party on a collision course with the monarchy and
its cronies, they tend to align with popular sentiment. On the other hand, policies that are favored by the monarchy are unlikely to be popular with the broader population because of their emphasis on gradualism, stability, and favoritism of big firms, thereby damaging the party electorally.

The case of the party’s former leader and PM, Abdelilah Benkirane, is the personification of this dilemma. Driss Maghraoui summarizes the case as follows: “The former secretary general of the PJD, Abdelilah Benkirane, was able to win a great following among Moroccans. While his widespread popularity, open style, and implicit strategy of exposing the contradictions of the Moroccan political system made him more popular with the people, he was gradually perceived as a nuisance to the regime and a clear justification for undercutting his efforts to form a coalition government after the 2016 elections” (Maghraoui 2018, 2). Benkirane often criticized the monarchy and asserted publicly that “the real power resides with the king” (Maghraoui 2018, 4). Saadeddine El Othmani eventually replaced Benkirane as the party leader and PM with the makhzen’s blessing; in fact, change in party leadership was an implicit requirement for the PJD to continue its role in the government. El Othmani is perceived as a weaker leader among the broader population and undermined party unity, as illustrated by his contested election to the party leadership. The fact that El Othmani is more open to compromise than his predecessor is a win for the monarchy (Tome-Alonso 2018, 4). The division within the party after the 2016 elections and the monarchy’s rejection of Benkirane as the party leader are, in this regard, another constraint placed on the party and its ability to make policy.

How does the PJD deal with these pressures and constraints? The PJD has fresh memories of a reformist USFP (Socialist Union of Popular Forces) winning power in 1998, failing to deliver on its reform promises, and subsequently losing the next election in 2002 (Tome-Alonso 2018). Failing to account for the party’s reformist edge is certainly a factor that the PJD must consider in its strategy to overcome the challenges posed by the monarchy.

Acutely aware of being stuck between the monarchy and the electorate, the PJD devised a “dual strategy” to deal with its predicament. On one hand, the party conveys respect to the ultimate authority of the monarchy and the king in order to avoid confrontation. Benkirane referred to King Mohammed VI as “the boss”; the party that invoked the notion of “democratic struggle” once now calls for “democratic partnership”, indicating its softened tone toward the monarchy (Drhimeur 2018). On the other hand, the party employs a “strategy of differentiation” at the electoral level. The PJD, the party claims, is different from other parties not merely on policy positions but more importantly in its capacity for governance, intra-party democracy, and effective communication with the electorate (Tomé-Alonso 2018).

Another strategy the PJD pursued to counter its constraining policy and institutional environment is focusing on governance. The disproportionate focus on better governance rather than changing the economic orientation of the country is a calculated move, reflecting the royal constraints on the PJD. The king’s desire to retain policymaking control, despite initiating constitutional changes in 2012 and allowing the PJD to assume
governmental role, determines the degree of policy autonomy possessed by the PJD as the major government partner. Cognizant of this, the PJD dedicates its focus largely to policy implementation and improved governance.

One indirect indicator of the PJD’s success in its strategy to counter the constraints of the monarchy is the increase in the party’s vote share from 2011 to 2016: the party grew its vote share from 22.8% to 27.8% while increasing its seats from 107 to 125. Nonetheless, there is broad disillusionment within Moroccan society regarding the economic progress and gains made since the beginning of the Arab Spring protests. In a follow-up survey question about the goals of the Arab Spring protests, Moroccans were asked whether specific goals were achieved. An overwhelming majority indicated that they did not think notable progress was made on economic goals of the Arab Spring. Specifically, between 72% and 78% of Moroccans thought that the goals of fighting corruption, achieving social justice, and improving economic conditions had failed.

**Figure 7. Arab Spring Goals Achieved**

![Bar chart showing Arab Spring Goals Achieved](chart)

Source: Survey data from the Baker Institute for Public Policy (Yildirim and McCain 2019).
Implications

Since its rise to power in Morocco in 2011, the PJD has had a mixed record of economic performance. The party’s economic agenda represents a happy coincidence of the monarchy and the PJD’s motivations to pursue a liberal economic order in Morocco. The monarchy initiated the liberalization process in the early 1980s and has since been largely consistent in its pursuit of liberalization policies; the PJD embraced the idea of economic liberalism more recently. Morocco’s political context is far from offering the PJD an opportunity to pursue its policy agenda freely, however. The monarchy imposes various constraints on the party’s ability to shape economic policymaking as the major partner of the governing coalition. Because the makhzen and regime cronies are so closely tied to each other, the economic policies undertaken by the government carry major implications. Potential economic success by a PJD-led government also threatens the political and religious legitimacy of the king. To control the political and economic ramifications of a PJD-led government, the king not only deprives the PJD of the policy autonomy governing parties typically enjoy but also undermines the PJD by taking away tools of economic policymaking, including giving the party virtually no control over the government budget.

To counter these limitations, the PJD pursued a dual strategy to create room to maneuver and sustain its electoral viability. On one hand, the party recognized the king and paid respect at every opportunity to do so. On the other hand, the party framed itself as an alternative to the electorate, who were disillusioned with other parties, by claiming that it is unique in its capacity to govern, emphasis on intraparty democracy, and focus on quality of governance.

Facing a recent series of protests and extensive interference from the monarchy, the PJD is confronted with considerable constraints on its governing capabilities. In political environments adjusted to the post-Arab Spring contexts where Islamist parties might be allowed to govern, these parties will need to devise strategies to decide what their goals might be and how best to achieve them. The current framework in which they operate is conditioned on the presumption that if they win power, they will have the opportunity to implement their policies. This is no longer the case for most Islamist parties. The PJD’s economic strategy, in this regard, is unlikely to make a lasting impact on governance in Morocco. Royal control over not only the substance of economic policies, but also how they are implemented and how the government functions, leave little room for any governing party—particularly so for the PJD because of its Islamist orientation—to affect economic outcomes in Morocco.

The PJD’s experience with governance and economic policymaking carries key implications for other Islamist parties in the region. Despite the AKP’s glowing economic performance in Turkey, the PJD might offer the more likely scenario for most, thereby elevating the significance of the party’s governing experience to the rest of the region. The economic liberalism the AKP pursued during its first decade in power—combined with good governance—resulted in notable economic progress, raising per capita income more than threefold. Not only was the example of the AKP and its economic success important in
showing that economic liberalism might work, but it was also a testament to its electoral benefits. The AKP has been riding this legacy of economic success long after its economic performance significantly worsened.

Unlike the AKP in Turkey, most Islamist parties in the MENA region are unlikely to have the freedom to determine the course of economic policymaking or the tools they need to achieve their economic goals. For the Islamic Action Front in Jordan, Muslim Brotherhood in Egypt, and other Islamist parties, a rise to government will be defined by the severe constraints they will face, much like the PJD. The critical question here is determining the value of participating in government when a party lacks the autonomy or tools to shape policy. To paraphrase Nathan Brown (2012), even when victory is an option, Islamist parties will often face insurmountable challenges to actual governance. The PJD’s efforts to find meaning in joining a government where it is unable to affect main policy outcomes led the party to focus on effective governance in order to ensure policies are implemented most efficiently and to effect change on the margins. Whether this strategy can satisfy the PJD base seems uncertain, especially considering the party’s internal division in its 2016 party congress. If this strategy fails to yield tangible results for the party in the form of greater accountability in governance, democratization, or policy changes in line with party ideology, it is unclear how the intraparty divisions—the roots of which were sown in El Othmani’s rise to party leadership—can be sustained in the long term. As such, the party’s rise to power might spell its eventual doom.

Failure to produce tangible policy outcomes—either because of obstacles to governance or poor performance—can have destabilizing effects on Islamist parties. Just as economic success can usher in a broader electoral coalition, economic failure can possibly lead to intraparty divisions and dwindling electoral popularity. In this regard, Islamist parties that have assumed governing roles or supported coalition governments walk a fine line. Economic troubles in Tunisia, Lebanon, and Turkey do not bode well for the electoral prospects of Islamist parties in these countries. Mounting internal opposition is a challenge as well. For example, the AKP government’s inability to improve the Turkish economy since the 2008 crisis has eventually led to the formation of two breakaway parties under former prime minister Ahmet Davutoglu and former minister of economy Ali Babacan, respectively.

Given that Islamist parties have proven their staying power in electoral politics, it is important to study the dynamics of and constraints on their policymaking abilities. The globalized nature of today’s economy also makes this understanding highly relevant, as perceptions of economic and governing failure persist across the MENA region despite regimes’ undertaking of political reforms and extensive development projects. Examining this behavior will greatly benefit policy proposals made to counter these perceived issues in the post-Arab Spring MENA region.
The Party of Justice and Development and Post-2011 Economic Policymaking in Morocco

References


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