Local elitists and economic transformation in Morocco based on a case study of the city of Fès

1. Introduction

Theories defining underdevelopment have been strongly criticised over the past years and decades. The general socio-economic and political climate and requirements vary greatly from country to country, to such a degree in fact that they cannot form the base of a single theory (Lühr and Schulz, 1997, p. 8). It seems therefore wiser to analyse development processes in individual countries specifically empirically, taking global and local change into consideration. That is why it is necessary, in my opinion, to integrate an historical approach. First, differences in development are easier to identify in an historical comparison of societies during the same period of time. Second, historical comparisons from the 18th and 19th century onwards should take the global effect and challenge of capitalism, industrialisation and modernisation originating from European culture into consideration. No country could, nor can isolate itself from the global economic growth that is widely defined by the leading economic nations.

It is national economies and societies which in the end have to cope with economic and social change, the elite of the country thus playing an important role. Based on a regional case study of the city of Fès in Morocco, the following article therefore investigates the huge challenge facing the local elite in paving the way for economic transformation from a souq-economy (bazaar/market economy) to a modern economy. I will refer to the establishment of industrial enterprises that have emerged as new organisations on the basis of new institutional regulations being introduced into local economies after the contact with modern European economy. Following a brief theoretical summary of institutional economy, I will outline urban souq-economy in Morocco, with special reference to Fès in 1900, and to primary fundamental change during the French Protectorate Period. Supported by specific case studies, I will describe and analyse the emergence of modern industrial enterprises in Fès. This paper is based on personal field research undertaken between 1994 and 1996.

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2. Theoretical concept: the new institutional economy and growth

In accordance with modern institutional economics, and influenced in particular by the economists R.H. Coase and D.C. North, it can be said that institutions and their configuration in society play an important role in the effectiveness of the economy. (North, 1988 and 1990; Dorner & Klump, 1996; Lindner, 1999). The general theoretical relevance of this approach is questioned, as the formation and growth dynamics of institutions as well as their effectiveness are analysed and give insight into the financial situation of a country. Institutions are, in socio-economic terms, according to Berger and Luckmann (1997, p. 56) primarily habitual i.e. institutions are the result of human activity and they regulate simultaneously human behaviour. Habitual action includes every act that is perpetually repeated and then consolidated into one module that saves energy when reproduced (Berger & Luckmann, 1996, p. 56).

This fundamental understanding of institutions in sociology coincides with institutional economics. According to North (1990, p. 3) institutions can be defined as follows: “Institutions are the rules of game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic. Institutional change shapes the way societies evolve through time and hence is the key to understanding historical change”. Without a doubt, diverging results in economies are fundamentally the result of the way and means of institutional development (cf. North 1990, p. 3). The “rules of the game” of institutions include all forms of constraints that define human change. The rules, conventions and behavioural norms are specified, and can be either formal or informal. According to North (1990, p. 4), the difference between institutions and organisations should be defined, even though both structures enable human change. Organisations are described as consolidations (groups) of people who strive toward a common goal.

Based on this interpretation, North (1990, p. 5) lists the following types of organisations: political bodies (parties, governments, etc.), economic bodies (companies, trade unions, co-operatives, etc.), social bodies (churches and religious organisations, clubs etc.) and educational bodies (schools, universities etc.). Institutional regulation is, however a prerequisite for emerging organisations - regulations that are in turn practised, formed and defined by organisations and individuals of those organisations (1). It is thus of vital significance to analyse institutional and organisational change and the activity and strategies of protagonists. This paper makes a small empirical contribution, by placing the protagonist’s (and local elite’s) opinion and strategies at the base of the enquiry.

(1) At this point, I can only indicate that similarities exist to Gidden’s theory of structuring (1997).
3. The confrontation of the Souq-economy in Morocco with the European Modern Movement and the emergence of new institutions and organisations

Before I present detailed case studies of the city of Fès, my theoretical approach demands a brief explanation of the pre-colonial situation in the 19th Century, and a summary of a few central financial organisations and institutional regulations of the cities of Morocco. The Moroccan society can be characterised as an agricultural society from the 19th Century, and well into the 20th Century. Morocco was only partially urbanised and did not boast a modern infrastructure, as in the case of Europe after the Industrial Revolution. The government of Morocco struggled with numerous institutional weaknesses in administration, financial and military areas that emerged in the 19th Century and beginning of 20th Century as a result of confrontations with Imperial Europe and France. Despite various reforms, these weakness have still today not been overcome. (Brignon, 1967, p. 304 and Laroui, 1977, p. 237.)

Until the beginning of the French Protectorate Period, the city of Fès formed a spiritual-religious, political and economical centre of Sultan State of Morocco (Le Tournearou, 1949; Escher/Wirth, 1992). A souq economy based on commerce and trade of local and international significance had developed not only in Fès, but also in other cities. Fès, in particular, upheld international trade relations with important trade centres in Europe, Africa and the Middle East. (René-Leclerc, 1905; Le Tournearou, 1949; Raymond, 1973; Alaoui, 1992.) The urban Souq economy was regulated by certain organisations and institutions. (Escher, 1986, p. 42.) The organisation of all skilled trade sectors into Hanta (guilds) is of particular significance, each one chaired by an Amin. Financially, the Amin was practically responsible for quality control of products, the taxation of skilled labourers and the incorporation of new members. The Organisation of the Dallal as arbitrator between raw material manufacturers, skilled labourers and dealers was crucial for trade and exchange of products and goods. For the dealers, the Dallal was the official source of goods. It always represented numerous skilled labourers simultaneously, thus protecting individuals from dependency to wholesalers. (Escher 1986, p. 47 and Escher, 1994.) Significant too, was the Organisation of Muhtasib (market controller), who was responsible for the following: quality control, surveillance of trade, weight control and measuring instruments, market regulations, control of guild chairperson and price assessment of basic foods and important raw materials.

This very complex urban economy enabled, according to Escher (1986, p. 47), a stable and calculable climate for production and marketing—especially for the skilled labourer who plays an important role of production in the urban economy. Accordingly, this economic climate guaranteed the
skilled labourer his basic needs, despite reduced working hours. The skilled labourer did not have to conduct business in modern terms of profit-orientation, which did not mean however, that there were no wealthy skilled labourers. The textile and leather industry were considered “golden” craftman professions before the infiltration of industrial products from Europe (Escher, 1986 and 1992, p. 173). The traders guaranteed positive turnover, marketing both handicraft and imported goods. With reference to long-distance trade – organised as caravan trade until the 19th Century – the high-risk involvement of many merchants is significant, enabling the accumulation of large sums of money. But the merchants were – as far as I can tell – not operating as manufacturers. Modern enterprise organisation did not exist yet, nor were financial economic organisations such as banks available. The relatively strict institutional regulation with regards to certain economic organisations guaranteed a very limited growth and development opportunity and efficiency of economy. Besides that, religious values and conservative, system-orientated opinions with varied personal interpretation amongst protagonists have surely played a role. In summary, the Moroccan society can be described as pre-capitalistic and pre-industrial before it was transformed by Europe.

It was only in the second half of the 19th Century that the prevailing economic climate began to crumble under European influence. By the beginning of the 20th Century, Fès had to surrender her financial and political power to Casablanca (shipping/harbour function!) and Rabat on the Atlantic Ocean. On one hand, many skilled trade sectors were affected and obliterated by the introduction of European industrial products, while on the other hand, numerous dealers – especially those who migrated to the new, slowly flourishing financial metropolis of Casablanca – accumulated large sums of money (Laroui, 1977 ; Escher, 1986 ; Tangaeoui, 1993 ; Kaïoua, 1996, Meyer, 1997 a and b). The newly-founded economic elite, the wholesaler (tajir), became an ever-increasing politically and ideologically influential group, as a result of their economic power. Finally, during the French Protectorate Period (1912-1956) and in particular thereafter, a gradual industrialisation set in, a modern infrastructure was established and a new form of administration emerged (Brignon et al., 1967 ; Kaïoua, 1996). Theoretically speaking, new organisations and new institutional regulations on the basis of French experience were established. As a result of the new financial challenge that was the most noticeable in Casablanca, the Fasi (old-established families from Fès) – including important economic protagonists – migrated in large numbers from Fès to Casablanca and Rabat during the Protectorate Period, and especially thereafter during the 60’s and 70’s (Meyer, 1997 a and b).

One of the greatest difficulties during the Protectorate Period, was the establishment of a modern national economy with new organisations and institutions. The old organisations had lost meaning and power, existing
primarily in rudimentary and marginal form in the inner cities, such as e.g. in the Medina of Fès (Escher, 1986). A new enterprise culture was to emerge from the existing trade houses and skilled trade companies (2). Broadly speaking, the period during and after the decline of the French Protectorate witnessed the emergence of local enterprise in Morocco. The financial organisation of modern enterprise was aided by the French and established in Morocco.

During the Protectorate Period, the French initially established banks, employing nearly only Frenchmen and Moroccan Jews. After independence, Moroccans – in particular Fasi such as e.g. Abdellatif Laraki and Omar Benabdelljalil (Banque populaire) as well as Moulay Ali Kettani (Wafabank) – greatly influenced banking in accordance with the national economy (cf. Meyer, 1997 b). After independence, numerous governmental initiatives e.g. general education and practical orientation in civil services aided the emergence of local enterprise. In 1973, French domination/ French capital was removed from the Moroccan economy. The Investment Incentive Law and the Liberalisation of Trade Law (new institutional regulations) of the 80’s, as well as the formation of new organisations, such as the Privatisation Ministry (1990) and the Ministry for Foreign Investment (1991) mark the emergence of private enterprise (Mattes, 1991 and Englert, 1997). The umbrella organisation (CGEM) and branch leaders, e.g. of the textile industry (Amith), were pioneer entrepreneur organisations founded in the 1980’s and 90’s.

As suggested above, the transformation process of the Moroccan economy can only be described in the context of extensive adoption and adaptation of idealistic and materialistic European and particularly so, French innovation (Meyer, 1999). With this in mind, entrepreneurs are historically defined as organisations that have emerged from the context of European economic growth and industrialisation and which now contribute considerably to the economic structure of Morocco. The character of a modern entrepreneur and associate enterprise is defined by Schumpeter (Gabler Wirtschaftslexikon, 1983, p. 1769) with the following traits and behavioural pattern:

S He fulfils the function of an economic leader.
S He initiates alternative use of a product, instigating a dynamic economy. A stable condition in the economy is thus prevented.
S He guarantees the production and distribution of new products or new qualities.
S He introduces new production methods.
S He introduces new industrial organisations (e.g. consolidation of enterprises)
S He opens up new outlets and supply sources.

The transformation process from a pre-industrial agricultural society to an industrial or service-oriented society is however, not over yet, if one can expect total change from one ideal typology to another in Morocco.

(2) For more information on Moroccan entrepreneurship see the excellent work by Saâdi (1989), Tangeaoui (1993) and Kaioua (1996).
The Moroccan society is currently partially industrialised, possessing a large services sector. Based on the assumption that currently 40% of the active population is engaged in agriculture, 35% in services and 25% in the industry (Länderbericht Marokko, 1994), Morocco does not represent an ideal industrial society (25% agriculture as well as 50% and more in industry and the rest in services) (Zapf, 1995, p. 201). A post-industrial society is, however characterised by more than 50% of all employees working in services. Morocco does not represent an ideal typology, but is rather a mixture of both societies.

4. Case study of emergence of modern entrepreneurs in Fès

As mentioned above, in the course of the transformation of Moroccan economy, Casablanca today boasts about 48% of all national industries, making her the leading growth centre. In addition, relative to the number of industrial enterprises nation-wide, Fès lies with 6.3% in second place, closely followed by Rabat-Salé and Tanger (Annuaire Statistique de Maroc, 1994, as well as Fejjal, 1986). If, as in the case of Fès, the economic activity of the skilled trade, trade and tourism sectors would be taken into consideration, then the city – independent of periodic limited crisis – could surely be described as a de-central financial centre of specific local significance. One should note that in Fès the industrial growth was slow in the 60’s, but accelerated to a great extent in the 70’s and 80’s (Fejjal, 1986). In 1990, the industrial sector boasted 136 enterprises in textile and leather, followed by the agricultural industry (115 enterprises), chemistry and para-chemistry (75 enterprises e.g. cauchouc et plastique, matériaux de construction, papier carton et imprimerie) and mecanique et electrique (56 enterprises) (3).

The aim of this paper is not to analyse statistics and numbers describing the industrial and economic climate of Fès, but rather to reconstruct the composition of industrial enterprises – including the assimilation of economic change – based on case studies, with reference to local protagonists and local elite. It is important to remember once again the large migration of Fasi – and thus the greater part of the old elite and economic protagonists – to Casablanca and Rabat during the Protectorate Period and in particular after independence during the 60’s and 70’s (Adam, 1968; Fejjal, 1986; Tangeaoui, 1993; Kaïoua, 1996; Meyer, 1997 a and b). According to those Fasi interviewed, more than half of the Fasi have left their old place of origin. Rural exodus has more than compensated – demographically speaking – the losses incurred by the Fasi-migration. Today, the majority of the inhabitants of Fès are of rural origin (4).

Nevertheless, the remaining Fasi in Fès form the majority of local financial elite of partially national significance. According to the financial paper la Vie économique (26/5/1995), of the 25 selected top enterprises in Fès, 19 enterprises are run by Fasi. About 60-70% of all private enterprises in

(3) The figures have been taken from the unpublished documents of the “Chambre de commerce et d’industrie de la wilaya de Fès”, For more about industrial growth in Fès after independence see Fejjal (1986).

(4) For more on demographic development of the population in Fès refer to Fejjal 1987 and 1995, as well as Royaume du
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Fès are owned by Fasi (5), of which many were once small dealers or skilled craftsmen in the Medina, and after independence built up modern industries, and modernised “traditional skilled trade” (e.g. in the textile industry, in the manufacturing of brass instruments, oil and grain mills, tannery etc.), (Fejjal, 1986). In trade, the “Fasi quota” lies between 65 and 70 % (6). But also professions such as architecture, medicine, notaries, law etc. are primarily dominated by the Fasi. It is thus not astounding that the selected members of the local Rotary Club of Fès are predominantly members of the old-established Fasi-family. The following section presents examples of traders and craftsmen who emerged as industrial entrepreneurs.

The group “Berrada Et Fils” : from a rich merchant family to a leading industrial enterprise

The group “Berrada Et Fils” is no doubt one of the leading private enterprises of national significance in the IMME (industrie mécanique, métallique, d’électrique) sector. The trade-oriented activities of the current P.D.G. Hajj Mohamed Berrada’s grandfather formed the historical origin. Between 1890 and 1912, grandfather (and son) formed intensive trade relations with Germany, but because of WWI the contact was broken. Raw materials for skilled trade such as bronze, iron and dyes were imported and local agricultural products such as goat’s hair and raw wool were exported. After independence, Hajj Mohamed Berrada succeeded his father and introduced industrial manufacture. During the Protectorate Period, Hajj Mohamed attended the “Elite school” in Fès – the College of “Moulay Idriss” – and thus profited from a good education. At the end of the 40’s, he travelled through Europe and enrolled into a business school in Paris for two years. After the assumption of the family businesses, Hajj Mohamed recognised a opening in the Moroccan market for the production of kitchen ovens and household items, thus founding the company SOMAGAZ S.A. in 1967. Today the company forms the driving force of the whole enterprise. The technological know-how for the establishment of the company came from Yugoslavia, France and Italy. The companies SOMAGAZ DIFFUSION S.A. and COCINOR S.A. were founded in the 70’s for the sale of local products, with a car pool for transportation. A further important step for the growth and development of the company was the founding of METAL FUSION S.A. in 1987, enabling the manufacturing of separate elements for the production of ovens and other kitchen items. Today the company manufactures between 75 and 80 % of the elements, greatly reducing its dependency on the European market. It does therefore not fall into the category of installation enterprise. The group is currently national market leader in household electronic items (électroménager) ; and at the end of the 90’s, new products were introduced, such as e.g. microwaves. The products of the company conform with international manufacture norms. (Matière-première = AFNOR-DIN/qualité : ISO ; cf. la Vie économique, 26/5/1995)
In order to differentiate between the activities of the company, the company BENECOF S.A. was founded in 1988, focusing on the textile industry (tricotage et confection d’article en maille) and furnished with German (computer-controlled) machines. The factory manager is the daughter of Hajj Mohamed, who is also supported by her son. In 1994, the company ELECTROMEN was created for the manufacturing of washing machines, heaters and other electrical appliances. In order for the realisation of further business expansion, the company initiated a study and planning phase in 1996, for the manufacture of refrigerators. The internal infrastructure was already in place, 40 million Dh were to be invested and 250 jobs created. At the time of the interview with the P.D.G., they were nevertheless still searching for a foreign partner who could support them in technology and marketing in export. In the future, the consolidation would like to rename itself as le chaud et le froid. Currently, the group consists of seven enterprises of about 750 employees. The repair workshops in Casablanca, the warehouses – in use since the 60’s – and trade branches responsible for marketing the products are included. Sales is based in Casablanca and is headed by a further two daughters of Hajj Mohamed. The company exports 20 to 25 % of the products out of the country; in particular into the countries of the Maghrebian Union, especially into Algeria (currently not due to the prevailing political crises) and into Libya. As already established, the group “Berrada Et Fils” is a family business. However, only the children of Hajj Mohamed are employed and not his siblings. His son Saâd – who studied in the USA – heads the company SOMAGAZ. Another son, who studied in Canada, heads METALFUSION and ELEKTROMAN. The activities of the three daughters have already been mentioned. An interesting detail in connection with the history of the enterprise and location, is the fact that Hajj Muhamed initially intended to realise his enterprise in Casablanca, but – according to witnesses – was encouraged by King Hassan II to invest in Fès as a Fasi, and to live there. The king felt that not all Fasis should leave their homelands.

Une entreprise unique en Afrique et dans le monde arabe : la Société marocaine des fonderies du Nord

An exceptionally interesting example of an innovative enterprise in Fès is the Société marocaine des fonderies du Nord headed by the directeur général Muhammad Iraki. Pistons and chemises for motors are manufactured here, the only place on the continent of Africa and in the Arabic world, while the high standard of quality complies with the Iso-Norm 9002. The father of M. Iraki was not a skilled worker nor a merchant, but rather a scholar of the Quaraouiyin University. His son obtained know-how for the enterprise during extensive training and practical experience. According to Baccalauréat (in Rabat, 1964-1965) M. Iraki graduated in France as an electromechanical engineer. Back home he worked from 1970 until 1976
initially in the textile factory COTEF (Complexe textile de Fès) in Fès, amongst other things as technical director. After that he applied for a position as technical director at the Centrale laitière in Casablanca and soon afterwards worked from 1977-1981 for the company ICOMA (Industrie cotonnière du Maroc) in Mohammedia. Only then was the company founded as a result of call by the appropriate ministry for more variation in the projects of industrial enterprises. The establishment of the enterprise was supported by a French company that was also active in the same sector and belonged to the US-American concern (Dana-Corporations), that disposed of global production sections. The management of S.M.F.N. – the president of the company is the father-in-law of M. Iraki and disposes of two large transport companies (persons and goods) – signed a business contract with a French company, agreeing that they would be furnished with the newest technology, that the education of management and labourers would be seen to, that they could use the logo of the French company and that, in return, the French company would take on 25 % of the production.

In total, the founding of the company demanded a very high investment, especially for the high-quality machinery and also for the training of the workers. The employees are all mechanics with college diplomas or similar papers. And because their products are of such high standard – the production conforms with norms and standards specified by the manufacturers of motors, they export 70 % of their production out of the country, to Europe, the Maghreb – States (Algeria, Tunisia, Libya and Mauritania), Egypt, the Jordan, Mali, Ivory Coast, Cameroon and Nigeria, as well as, prior to the Gulf War, to Iraq and Saudi-Arabia. Currently they have contracts with Iran and Nigeria. The majority of products are sent to France to be distributed and sold in the above-mentioned countries. The French company is mediator, labelling and selling the products with “Made in France”. M. Iraki believes that the turnover is thus improved – as Moroccan products are not greatly esteemed. The manager, M. Iraki, says that the Africans are biased toward local products and prefer to buy products from Europe, the USA and Japan. The company’s strategy is to constantly be on par with technical development and to purchase new machines, while also permanently offering a diverse palette of products to incorporate new markets. The internal organisation is structured in such a way, as to separate the production turnover from the sales turnover. That is why the internal organisation concentrates purely on the production, the reduction of costs and quality control. A commerce department for export, as well as two departments for marketing products in Morocco are included. The company has divided Morocco into two zones: Casablanca and the South are one unity, the other is everything to the North (North West and North East). The head-offices of the marketing department concentrating on the North (“Al Baraka Distribution du Nord”) is situated in Fès, while a branch in Casablanca delivers to the South. The enterprise S.M.N.F. is, according
to the newspaper *la Vie économique* (26/05/1995) one of the top 25 companies in Fès.

**Tajmouati: a self-made man rising from skilled labourer to national businessman**

The businessman Al Hajj Al Hadi Tajmouati is considered in the city of Fès to be the personification of the self-made man and of economic success in industry and construction. He grew up during the Protectorate Period in the Medina of Fès, attended the Koran school and became a coppersmith. Al Hajj Al Hadi is currently over 70 years old and PDG of his company COCEMA for tiles and porcelain products, owning further construction companies and a factory that manufactures brass household appliances (ET TAJ). COCEMA employs 1500 to 1700 workers. His younger brother is the “Directeur Commerciale” of the head office of COCEMA. Both COCEMA and ET TAJ are included in the top 25 companies in Fès (*la Vie économique*, 26/5/1995). Tajmouati is considered an important patron of the city, financing social and religious facilities (the mosque, hospital, orphanage, education centre, sports complex, centre for the disabled, and the maternity clinic). He is also member of the “Comité d’évaluation au Ministère de Privatisation”.

Tajmouati’s emergence as a big businessman was the result of many stages and business formations. Having worked ten years as a Ziseleur?, he tried his hand in commerce. Finally, friends invited him to join them in founding a company. They wanted to modernise skilled brass finishing. This took place in 1946, in the prevailing narrow surroundings of the old city. In 1949, the company ET TAJ was founded (Fajjal, 1986, p. 69). It was a roaring success with 50 persons employed soon after entering the market, but an important stage followed: “My desire for more was great. In 1950, I took the step of visiting industrial plants in Europe to find out more about the latest technologies is foundering, lathering and moulding. France was my primary destination, but I did visit other countries. At that time I did not know much French but I was aided by students from Fès who lived in Paris and could translate for me”.

The number of employees – of which many were yet to receive a technical education – increased to 100. After Independence in 1960, important steps were made to found a company in the newly zoned industrial area (Ain Kaddous). Partners contributed new capital. Simultaneously, his brother – who had just completed his final school year in a modern education system – joined the company. Successful attempts were made to reform the brass processing section into an ironware industry. In 1965, the company had 300 employees. A decisive step followed, as Al Hajj Al Hadi Tajmouati explained: “Our desire for new possibilities grew. At first we went through different stages of re-orientation before we moved to ceramics, in particular Faience-production. This term was then only known as a label, no-one had
thought of Faience-merchandising and the production methods were still totally unknown here. Other enterprises chose rather between 1950 and 1970 to diversify into the textile industry. They concentrated more on the production of fabric than actually making clothing. The clothing industry only blossomed in Morocco in the 70ís. We invested a lot of time in the research of Faience-production, which was not easy: visiting factories, the choice of raw material, the working methods... It took us three to four years before we felt confident with the working methods and knew which dealers offered the best and cheapest machines. I visited close to 20 West and East European countries, establishing contacts with Faience-producers either to ask for advice or to gain them as associates, with the aim of exchanging production techniques. We established a small plant, which covered only 10% of the property we have now. The more success we had, the more we invested in the plant and expanded its production capacity”.

The company COCEMA currently manufactures Faience tiles and porcelain crockery, which is distributed throughout Morocco. The internal structure of the company is organised in such a manner, that numerous partners are shareholders and are partly employed by the company. Ever branch is associated to the mother-company. The never-ending difficulty to sell the Faience- and porcelain products – previously all such products originated from foreign countries – has been solved, with the establishment of private shops throughout Morocco.

“Société des Artisans Dinandiers de Fès” : From craft to industrial production

The company “Société des Artisans Dinandiers de Fès” (SADF) is an enterprise that manufactures articles (e.g. articles de ménage, objets de décoration, lustres traditionnels et modernes) of “Argenterie” with the latest methods in galvanic technology. In particular, silver-plated cutlery from Alpaka is produced. The first galvanic technology industries were founded in the city of Fès in the 50’s. (Escher, 1986, p. 313). Similar products had been imported from England (Wright Brothers). Despite the adoption of technical innovation, there are currently few skilled craftsmen who have succeeded in leaving the narrow spatial condition of the old city to develop a modern industrial enterprise for dinandery ? and argentery ?. The company SADF with PDG A.Tahiri is an exception, the products offered being of high quality. The entrepreneur Tahiri was born into a craftsmen family, which produced ladies belts and horse-saddles. Tahiri himself produced from 1968 to 1972 rayon, but finally changed to dinandery ?, a branch in which his deceased brother had been employed as Amin. The master (muallim) of Tahiri was Muhammad al-Kabbaj, who is currently an important shareholder of the company.

In 1982, six skilled masters of trade in argentery?/silverware and copperware, as well as two merchants, founded a company together.
According to Tahiri, there was more than one motivation for this consolidation: a product could not be manufactured in one place in the old city (Medina) – the site of nearly all the modernised companies in this field – but only in numerous stages at different locations (problems in production), lack of quality control in production, essential extension of production palette based on alternate demand of customer (fashion), there were too many skilled labourers employed in the Medina who did not possess an adequate training, i.e. capital was invested without sufficient know-how of skilled trade (too many people from rural areas), the state was responsible for the lack of organisation of skilled trade.

In 1984, the new factory in the industrial zone of Ben Souda was established, with improved quality of production and a larger product palette. A. Tahiri is currently the P.D.G. of the company with all authority at his disposal, i.e. all partners – with the exception of one employee – are silent shareholders (all Fasi except for one). The company engages 200 labourers (60 apprentices and 140 workers) and a few masters. The apprentices earn a fixed salary, while the workers are paid according to production. The former master of Tahiri is shareholder and simultaneously the biggest buyer, purchasing annually 20-25% of the production. An importer of raw materials in Casablanca also sells the products of SADF. Although the company possesses a license to import and export products, Tahiri lacks personal experience in the area of transaction control. He has also negative experience in that area. The raw materials – chemicals needed for galvanisation and brassing? – are purchased almost without exception from middlemen (primarily from Fès, but also from Casablanca) active in France, Germany and Italy. The middlemen, consisting of mainly three primary traders as well as governmental institutions, the royal family, provincial authorities and city administration, in turn also buy a large portion of the merchandise.

The company became well known through exhibitions and fairs. Clients from overseas, such as from the Gulf States, the USA and Europe (France and Spain) have increased and regular deliveries are made to Spain and the Gulf States. Trade relations exist with Tunisia (negotiations with Algeria have ceased) as well as more recently with Syria, Egypt and the Jordan, as a result of exhibitions in those countries. Tahiri is only affected by competitors in Morocco with regard to design, the quality of his products way above any competition. According to Tahiri, European standards have been achieved. He suggests that other companies do not have an efficient internal organisation, resulting in higher prices. Tahiri is of the opinion that traditional fields of craftsmanship are on the whole unsystematic and falsely economised. Based on the statement of an employee of the company, who was interviewed independent of his boss, the company received a very good assessment in accordance with worker’s rights. Employees have leave, have a social and health insurance, public holidays are recognised and the
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working hours are fixed (five day week). In the craftsmanship branch, legal regulations between employer and employee are inadequate. According to the employee interviewed, labourers in these fields come and go as they please. But the company too has problems with the reliability of their staff.

The establishment of textile companies: FATEIMA/FILCOF - COMATRAC - BELCOF

The period after independence witnessed the first governmental development plans for the establishment of a textile industry in Fès (Fejjal, 1986). It was only in the 1970s that an intensified increase of respective companies finally set in. One of the first private enterprises in the textile sector was established in 1959 by joint venture of the Belkhayat amily and an Italian company. The family’s interest was the result of the commercial activity of the grandfather and father, who had previously imported cotton and rubber bands from Europe - from, inter alia the same Italian company. The new company – initially shared equally between the Belkhayat Family and the Italian company – focussed on the automated production of cotton. The first machines were purchased in France and three Italians were employed for the technical education of the Moroccan workers. During the development phase of the first company, the management worked both with the Italians and French. After the death of the proprietor of the Italian company, the sons sold their share to the Belkhayat Family, who had in the meantime had founded further production plants. The company FATEIMA S.A. – one of the top 25 companies according to la Vie économique (26/5/1995) – is the original company that was founded together with the Italians. It is run by the cousin of the manager interviewed at FILCOF (Filature Cotonnière de Fès). The company FATEIMA has 120 employees, currently manufacturing tresse élastique and different threads and cottons (fil).

In 1979, FILCOF was established, an enterprise that manufactured cotton and thread for underwear, T-shirts and polo shirts (cotton). Since then the company has been expanded periodically. The manager of FILCOF – A. Belkhayat – completed his Baccalauréat in Rabat and received a diploma in Belgium in cotton and textile industry. After his return, he worked in Kasbah Tadla for a company that manufactured cotton and then for the ODI (Office de développement industriel). Equipped with sufficient experience, A. Belkhayat founded FILCOF in 1979. Besides various other social and political activities, A. Belkhayat is Vice-President of the Moroccan Union of Textile Industry (Amith) and President of the Regional Division of Fès. In 1986, his family founded SOFIB (Société de Bonneterie), active in the weaving branch. Further companies were established in the clothing branch: KANDI in 1990 and CIC (Complexe Intégré de Confection) in 1990. 10% of the products are exported, with trade relations existing between companies in Germany, France, Portugal and England. The products
are sold via Casablanca, although the transport costs from Fès to Casablanca are proportionally high due to inadequate infrastructure (1996). A. Belkhayat does admit that the location in Fès has been chosen because of his attachment to the city and not because of a logical decision.

COMATRAC (Comptoir marocain de transactions commerciales) was founded in 1972 by A. Benmoussa, although the first machines for manufacturing material were only installed in 1980. The P.D.G., A. Benmoussa, and his father were originally involved in the sales of traditional crafts, and his brothers – who actually work in other fields (e.g. office furniture, interior decoration, agriculture) – are shareholders of the company. The company began with eight machines, in joint venture with an Italian company that delivered the production methods and machines. In 1987-1988 the contract between COMATRAC and the Italian company expired. Until then, an Italian technician responsible for the further education of young workers was employed by the company. Since 1988, the company is independent of foreign investment and runs more than 38 textile machines. Fabric for apartment furniture is produced by the company, strong competition coming from Richbonde in Casablanca and the traditional establishment of the Family Bencherif in Fès (Meyer, 1999). Despite the competition, A. Benmoussa has been very successful, expanding his activities to include another plant with 8 machines in the clothing industry (Nasij ad-Daman). He is also shareholder of two other clothing plants in Fès.

Since the end of the 80’s the company has begun exporting. In 1994, about 50 % of the products – including the entire clothing range – were exported, in particular, to Saudi-Arabia and the USA. Products were also exported to Japan and France and since recently, contact has been made with a company in New Zealand. In the clothing industry they work closely with German companies, who in turn supply the enterprise C & A. In connection with selecting shareholders and other entrepreneurs in Morocco, family members (including distant relatives and brother-in-laws) and well-known families with a good reputation are preferred. The plant manager, A. Benmoussa, places high value in the reliability of his business partners. Honesty and faithfulness in professional life are general principles that he – according to numerous statements – inherited from his father. According to A. Benmoussa, the greatest difficulty facing the Moroccan economy is the labour legislation, the activities of the labour unions and the slow decisional process of authorities. The labour law is – in his opinion – not clear enough, resulting in contrary decisions between labour inspectors and judges (who base their decisions on the outcome of previous cases). On many occasions, the entrepreneur has to compensate for that which they overtaxed. The unions are very active, leading for example to the closing of many companies (SICOF, COFITEX) in Fès since 1990. Strikes have been partially rather militant, resulting amongst other activities in the blocking of company entrances to prevent the delivery of goods. The
businessman, A. Benmoussa, is thus determined to protect his employees’ rights and to guarantee a good salary. He is President of the Union of Entrepreneurs in the district of Sidi Brahim I and member of the commission, that is working toward a trade fair in Fès. Besides that, A. Benmoussa is Vice-President and Member of the Governing Board of the local Banque Populaire.

The company BELCOF (Société Industrielle Belle Confection) belonging to the entrepreneur, A. Cohen, is exemplary for the manufacturing of clothing relevant under contract. The company imports the primary material from foreign countries and exports the finished product. The companies merchandise is not sold in Morocco itself. The company has worked over the past 10 years solely with a German company. Competition from sewing industries in the East block has increased, but new partners in France, England and Spain have been found. The plant manager, A. Cohen, attends annual fairs in Germany and France on a regular basis. Both the grandfather and father of A. Cohen were active in trade and in crafts, but they never achieved large capital accumulation. A. Cohen was given the opportunity to complete his Baccalauréat and to study economics in Rabat. Between 1973 and 1977, he worked for the ODI (Office Developpement Industrielle) in the textile branch with a Frenchman and five German technicians on various projects, inter alia for the company ICOS (Industrie Cotonique de Oued Sem) in Kasbah Tadla. Soon thereafter, he was general director of the company SICOFES in Fès, one of the pioneer clothing companies in Fès (under the umbrella organisation of the ODI).

In 1984, A. Cohen establish his own clothing company COCHIC (Société de la Confection Chic); in the 80’s further clothing companies were founded : BELCOF (1984), Pretty Mode (1987 in Sefrou), BANCOF and FINES (1988), as well as LADYTOP (1990). All companies had their own manager and technicians. Likewise, all companies have shareholders (for the most part members of his own family or of his wife’s family), whereas BELCOF is owned solely by A. Cohen, his wife – who has a diploma in economics and works for the company – and his family. In total, about 1400 workers are employed, 90 % of which are women. According to A. Cohen, the company is located in Fès as a result of his attachment to the city. He is of the opinion that the city should not be deserted by its original citizens.

Conclusion

The purpose of the paper was to investigate how local elitists were able to meet the challenge of economic transition from a Souq-economy embedded in an agricultural society to an industrial society. A new institutional economy was introduced as theoretical structure, allowing institutional regulations – and thus organisations such as industrial enterprises – to influence the efficiency of an economy, always taking into
consideration the competition of and conflict with other national economies. The enquiry has thus focused on the protagonists that founded, developed and established industrial companies. The case studies have illustrated that the following aspects have been crucial for the establishment of companies:

- Endogenic knowledge in commerce and/or skilled trade, alternatively knowledge present prior to contact with the Europe of Modern Times
- Open to risk and availability of personal capital (e.g. from old commerce activity of family)
- Knowledge transfer during the Protectorate Period and thereafter with the French and other Europeans with regard to new institutional regulations, forms of economic organisation and modern technologies
- Production initiatives from Moroccan government after independence
- Openness to and opportunity for entrepreneurs for personal training
- Openness to and opportunity for transfer of know-how and education in foreign countries

Generally speaking, the case study has shown that the protagonists are typical of the modern enterprise defined by Schumpeter. All entrepreneurs have reacted dynamically to the acquisition of technical and fundamental know-how, producing new products with new qualities for Morocco, as well as finding new markets and sources. All protagonists have successfully established organisation forms of an industrial company, even though these have mainly been in the form of family enterprises. As illustrated above, local, global and international relations were decisive. It should also be mentioned, that from the point of view of the protagonists, institutional weaknesses exist, some of the regulations, such as the labour law, resulting in the closing down of companies. On the whole, the institutional regulation of the national economy is not solved as yet. For the further development of the local economy of Fès, it would be desirable if more private companies from Casablanca were to invest in Fès. After the extensive migration of Fasi to the Atlantic Coast, the remaining financial protagonists – who often became local elitists through private activity – were not in a position to create a strong counterbalance to Casablanca. Fès is, however an important decentral economic centre.
Local elitists and economic transformation in Morocco based on a case study of the city of Fès

Literature cited/Bibliography


