



ECOLE D'ECONOMIE DE PARIS
PARIS SCHOOL OF ECONOMICS

MASTER PUBLIC POLICY AND DEVELOPMENT

Master Dissertation

**Public debt and European expansionism
in Morocco
From 1860 to 1956**

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August 2016

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Abstract

This master thesis aims at providing a global understanding of public debt in Morocco when the country was confronted to European expansionism. It documents its origins, its evolution and its implications by providing historical series on trade, debt, government receipts and expenditures. These long-term data attempt to shed new light on the European expansion before 1914 and on the understanding of colonial economies. The debt crisis leading to the establishment of the protectorate was characterized by a level of indebtedness which would be considered as low compared to today's standards (40% of the GDP in 1910). It underlines the importance of the weight of the state when estimating a country's indebtedness. Expressed as a share of the GDP, the level of indebtedness during the protectorate reached higher levels than before its establishment (70% of the GDP in 1935). The indebtedness of Morocco stresses the importance of loans in the colonial economy. They represented a large part of the capital inflows offsetting the structural trade balance deficit and played a significant role in the investment effort during the protectorate. Morocco's indebtedness in the 1930s was almost entirely cancelled by the inflation due to the Second World War, revealing thus the destruction of France's colonial capital. This study of Moroccan debt also addresses the political implications of debt, in particular how debt translated into new institutions and how it impacted in the long-run the balance of power within the Moroccan economy. This work therefore gives historical insights on how inequalities between nations could be expressed and amplified by public debt.

Résumé

Ce mémoire de master vise à comprendre le processus d'endettement du Maroc lorsqu'il a été confronté à l'expansion européenne. Ses origines, son évolution et ses implications y sont analysées grâce à la reconstitution de séries historiques sur le commerce extérieur, la dette, les recettes et les dépenses de l'Etat marocain. Ces données de long terme visent à apporter un éclairage nouveau à la fois sur l'expansion européenne avant 1914 et sur la compréhension des économies coloniales. La crise de la dette qui a mené à l'établissement du protectorat français est ainsi caractérisée par un niveau d'endettement étonnamment faible au regard des critères actuels (40% du PIB en 1910). Le poids de l'Etat des économies précoloniales apparaît comme un critère clé dans la compréhension de leur endettement. Exprimé en fonction au PIB, l'endettement du Maroc sous le protectorat atteint de plus hauts niveaux qu'avant son instauration (70% du PIB en 1935). Le poids de la dette marocaine révèle alors l'importance des emprunts dans l'économie coloniale. Ils représentèrent en effet une partie significative des flux de capitaux compensant le déficit de la balance commerciale, tout en jouant un rôle majeur dans l'équipement du pays. Après le pic atteint dans les années 1930, la dette marocaine a été pratiquement effacée par l'inflation consécutive à la Seconde Guerre mondiale, révélant ainsi la destruction du capital colonial. Cette étude sur la dette marocaine s'efforce également d'éclairer les implications politiques de la dette. Elle a engendré en particulier l'émergence de nouvelles institutions et la modification durable des rapports de force au sein de l'économie marocaine. Ce travail contribue donc à donner des éléments de comparaisons historiques sur la façon dont la dette publique a reflété et amplifié les inégalités entre nations.

Remerciements

Mes premiers remerciements sont destinés à Denis Cogneau et Thomas Piketty. Traiter ce sujet d'histoire économique sous leur direction s'est avéré passionnant et je leur suis reconnaissant de m'avoir encouragé à le traiter. Leurs précieux conseils et leur accompagnement ont été déterminants à chacune des étapes de ce travail.

Ce mémoire étant naturellement tributaire des données qu'il renferme, je suis grandement redevable aux archivistes qui m'ont aidé et guidé dans mes recherches. Merci à Nancy Aravena, Jean-Charles Bouguet, Viviane Fritz et Camille Refauvelet de m'avoir chaleureusement accueilli dans les départements d'archives du Crédit Agricole et de BNP Paribas.

Je remercie vivement Éric Monnet d'avoir accepté d'être *referee*. Son invitation au séminaire sur la dette publique organisé en juin 2016 à Sciences Po par Nicolas Barreyre, Nicolas Delalande et Etienne Peyrat m'a permis par ailleurs d'enrichir ma réflexion par des débats de haute volée.

Enfin, les cours d'histoire du monde arabe contemporain de Pierre Vermeren suivis cette année à l'Université Paris I Panthéon-Sorbonne ont été de précieuses sources d'inspiration.

Mes dernières pensées vont à ma famille et à mes amis qui m'ont accompagné et aidé dans mes longues séances de travail à l'ENS, Andréa, Martìn et Thomas. J'ai une pensée particulière pour ma mère – marocaine – qui m'a soutenu tout au long de la rédaction de ce mémoire.

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Introduction

The role of the public debt crisis in the establishment of the French protectorate in Morocco does not need to be proved any longer. Guy de Maupassant could even pretend to have foreseen the course of events twenty years before in a dialogue between George Duroy and Mme Walter in *Bel-Ami* (1885) !

Duroy avait reposé son chapeau sur une chaise. Il attendait, très attentif.

”Alors, qu’est-ce qu’il y a ?

- Ils vont s’emparer du Maroc !”

[...]

”Oh ! C’est très fort ce qu’ils ont fait. Très fort. C’est Walter qui a tout mené d’ailleurs, et il s’y entend, c’est de premier ordre. [...] L’expédition de Tanger était décidée entre eux dès le jour où Laroche a pris les Affaires étrangères ; et, peu à peu, ils ont racheté tout l’emprunt du Maroc qui était tombé à soixante-quatre ou cinq francs. Ils l’ont racheté très habilement, par le moyen d’agents suspects, véreux, qui n’éveillaient aucune méfiance. Ils ont roulé même les Rothschild, qui s’étonnaient de voir toujours demander du marocain. On leur a répondu en nommant les intermédiaires, tous tarés, tous à la côte. Ça a tranquilisé la grande banque. Et puis maintenant on va faire l’expédition, et dès que nous serons là-bas, l’Etat français garantira la dette. Nos amis auront gagné cinquante ou soixante millions. Tu comprends l’affaire ? Tu comprends aussi comme on a peur de tout le monde, peur de la moindre indiscrétion.”

This excerpt is representative of the myths around the role of debt in the building of European colonial empires - the French protectorate in Tunisia was established four years before *Bel Ami* was written. In the coveted country, the foreign loan is combined with a military intervention which deprived it from its sovereignty. In the colonizing country, finance and banking closely and secretly cooperated to gain enormous profits. These elements are only partly true and will be nuanced later. They highlight however that debt was early seen as an integral component of an imperial strategy. The paradox is that the Moroccan debt had never been studied as such despite its well-recognized importance.

The richness of the concept of debt nonetheless deserves to be fully studied. It indeed enables an interesting diversity of approaches which rests on its definition. The first approach is obviously economic. The definition given by *The New Palgrave* (1987) is a good starting point: ”*Public debt is a legal obligation on the part of a government to make interest and amortization payments to holders of designated claims in accordance with a defined temporal schedule*”¹. Public debt is thereby a stock variable encompassing all the financial commitments of the state towards its creditors. As it generates substantial financial flows due to debt servicing, it impacts the state’s receipts and expenditures over a long time period. We will see later that debt must also be

¹BUCHANAN, J. M. (1987), Article ”Public Debt”, in *The New Palgrave: A Dictionary of Economics*, New York, 1987, p.1044

understood in the light of the foreign trade balance and of the balance of payments' equilibrium: external debt is ultimately a financial inflow which at least partially offsets financial outflows. The Moroccan public debt issue is indeed indissociable from a structural trade balance deficit. Public debt - as an economic object - is therefore both an indicator of a state's financial health and a variable shaping a country's economy.

The second approach of public debt is politic. The first characteristic of a public debt is indeed that it must be *public*. The sovereign of the state is not indebted as a private individual. Public debt is the debt of the political community taken as a whole. As a consequence, public debt is characterized by its continuity: it is not attached to private individuals². The Moroccan Sultan Abdelaziz was impeached in 1907 since he was accused of selling the country to Europeans. Its brother and successor - Moulay Hafid - could actually hardly repudiate the Moroccan debt. The political nature of public debt appears as well insofar as it emphasizes and perpetuates power relationships. Behind Morocco's debt crisis there is always the European military superiority which prevented the country from any attempt to deny its debt. We will also explore how the Moroccan debt before the protectorate had long-lasting impacts during the protectorate because it durably modified the distribution of economic power in Morocco. The *Banque de Paris et des Pays-Bas* - at the head of the banking consortium which organized the 1904 Moroccan loan - acquired a central position within the Moroccan colonial economy. Finally, the last political aspect of public debt relates to its administrative and institutional dimension. As public debt involves fiscal extraction, debt management leads to a tight monitoring of tax resources. This monitoring materializes in renewed rationalized administrations and state-building reforms. In the cases of the debt imperialism policies in the XIXth century, it resulted in international financial controls over indebted countries and the modernization/westernisation of their state apparatus. In Morocco, the French *Contrôle de la dette* (1904) and the State Bank of Morocco (1907) are the best examples of institutions born from the Maghzen's indebtedness.

The third approach relies on the moral dimension of debt. From an anthropological viewpoint, a debt is first and foremost a social relationship and a moral obligation between two entities³. When it becomes a quantifiable promise precisely computed, it expresses an imperative need to honour debt repayments. The most extreme form of debt could therefore be slavery: one who is not be able to reimburse its debts loses her freedom, as it was the case in Ancient Rome with the *nexum* from the Twelve Tables. The moral dimension of debt can easily be applied to nations. External debt can thus be interpreted as a moral obligation of a country towards another. In the process of colonisation, debt was not only a roundabout mean to conquer new territories. It was also an other way for the westerners to assert their moral superiority and to legitimate their political domination. Debt is thereby both a financial expression of inequalities between countries and a mean to justify them.

As underlined above, the paradox of the Moroccan case is that it is both well-known and not studied as such. It is usually considered either as a subpart of the history of European economic imperialism (Fieldhouse, 1973) or as an episode of a broader Moroccan history. Syntheses on

²GRENIER, J. Y. (2006). "Introduction: dettes d'État, dette publique". *La dette publique dans l'histoire*, Paris, Comité pour l'histoire économique et financière de la France, p. 1-19.

³GRAEBER, D. (2011). *Debt : The First 5000 Years*. New York, Melville House.

Morocco indeed all devote a few paragraphs to the 1861, 1904 and 1910 loans (See for example Abitbol, 2014 ; Rivet, 2012 ; Terrasse, 1975). Pierre Guillen (1973) is the one who studied the most precisely the years preceding the 1904 loan. Allain (1976) also devoted a chapter to the 1910 loan in the context of the Agadir crisis in 1911. Although these contributions were very useful and are major sources of this study, they remain incomplete to the extent that economic history is often relegated to the background of a diplomatic narrative. Moreover, these different episodes had not been linked to each other within a comprehensive study on debt. On the contrary, debt crisis in other countries is well documented whether it is the case of the Ottoman Empire (Tunçer, 2009 ; Authemann, 1996 ; Thobie, 1979), Egypt (Labib, 2013 ; Bel, 1939) or China (Truong-Loï, 2015). The Moroccan case is nonetheless an interesting point of comparison. Its debt crises are indeed from various sources. One type of debt is a common example of a debt following a military defeat as the 1860 and 1894 Spanish war compensations, that sometimes even lead to a foreign loan (the 1861 British loan). Debt is in that case an extension of a military pressure. Moroccan indebtedness cannot however be reduced to these war debts. As we will see later, the 1904 loan - which has a crucial importance to the extent that he definitely tied the Maghzen's hands - has its roots in a more complex and generalized economic crisis.

An approach through systematic economic quantification invites to study a broader time period than a few years. This work indeed links the debt crisis leading to the French protectorate in Morocco with the role of debt within the colonial economy. These two periods are usually studied through different perspectives. The period preceding the protectorate is characterized by a public debt crisis that can be understood in the context of the imperial expansion of Europe. The period of the protectorate is studied through the issue of financial transfers between Morocco and France. The structural trade balance deficit of Morocco during the protectorate had to be offset by capital inflows. The nature of these inflows is controversial. Marseille (1984) initially argued that it could be assimilated to development aid and that colonies were living beyond their means. An analysis of Moroccan loans during the protectorate is a way to document the nature of these inflows. Studying these two periods together enables to compare the levels of foreign trade, indebtedness and public spending at different period of time. It is also the only way to fully understand the long-term impacts of debt and some key features of the Moroccan colonial economy. For instance, the Algeciras Act (1906) is a product of European imperial rivalries on the eve of the First World War. It nonetheless strongly impacted Moroccan foreign trade in the interwar period.

This study is therefore at the intersection of several fields and literatures. Its main goal is to shed light on a historical period thanks to tools and concepts usually mobilized in today's economic debates. It aims at providing a global understanding of public debt, its origins, its order of magnitude and its implications in Morocco when it was confronted to European expansionism. Documenting how public debt both materialized and perpetuated inequalities between France and Morocco is a major question that will guide our reflection. The first novelty of this work is to focus on the Moroccan debt over a long time period, and analysing its economic, political and institutional implications. The second one is that it attempts to consistently quantify public debt in order to provide comparable orders of magnitude of Morocco's indebtedness. It displays

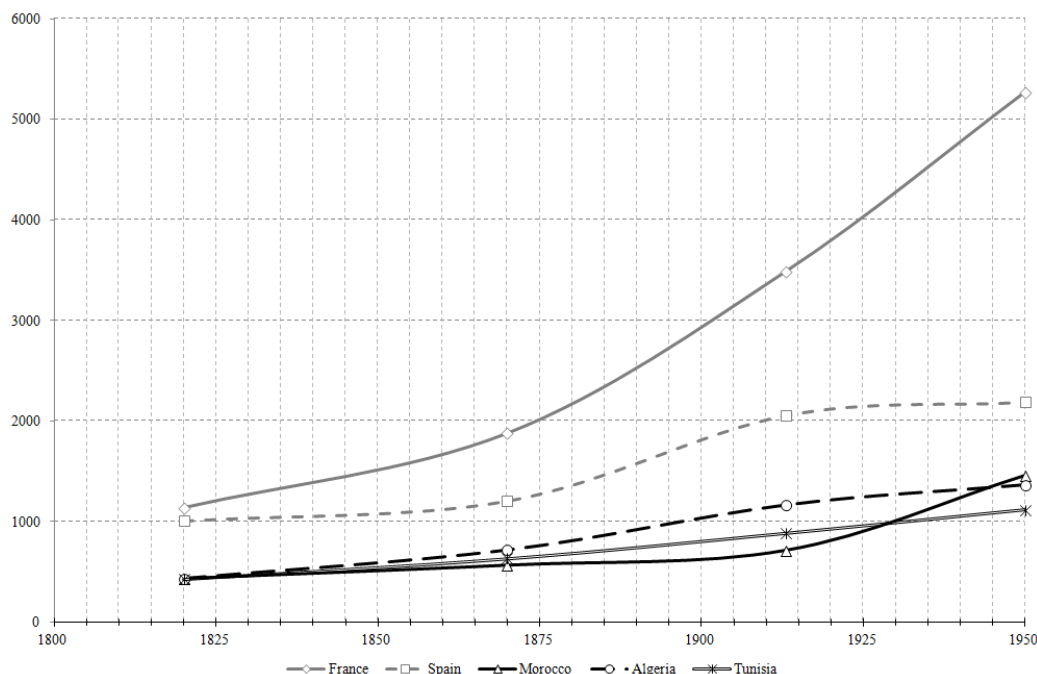
therefore several ratios such as debt/GDP, debt/state receipts or debt servicing/state receipts which document the extent of Moroccan indebtedness and the burden it represented for the government. Expressing this indebtedness with these ratios is obviously an anachronism since it was not how the debt burden was envisaged at that time. This work is indeed intended to provide means of comparison with other situations from a modern viewpoint, and mobilizes therefore measurement tools used in contemporary economics.

As a consequence, one main feature of this study is that it gathers many different data. Several secondary sources were used, the most important one being Miège (1962) for the XIXth century; Guillen (1973) and Nataf (1929) for the decade preceding the protectorate; Saul (2016), Hatton (2009) and Ayache (1956) for the protectorate. Amin (1966) and Maddison (2007) were the main sources for GDP estimates for the whole time period. It must be noted that a particularity of Morocco's colonization is that it was occupied by two countries: France and Spain. All the data provided in this work are then only for the French part of Morocco.

An important part of this work nonetheless relied on data collection from primary sources. Firstly, all the data on receipts and spending during the protectorate were provided by Denis Cogneau who built this dataset in the context of the Afristory project. Secondly, almost all the data on debt are the result of an archival work at BNP Paribas and at the Crédit Lyonnais. Archives from the French ministry of Foreign Affairs have already been widely used and many diplomatic documents are available on-line on the website the Bibliothèque nationale de France (Gallica). BNP Paribas' archives were studied because it was the most important bank of the banking consortium which managed Moroccan loans and the State Bank of Morocco. It must be noted that these archives were already studied by Hatton (2009) but only for the period on which he focuses in his book (1936-1956). The Crédit Lyonnais was a much less important actor in the history of Moroccan debt. It nonetheless had an interesting *Services des études financières* that gathered relevant data for our topic of interest. An aspect of debt that had not be highlighted above is indeed its impact on economic information. Debt led banks and foreign countries to collect the relevant data on the indebted countries. Customs revenues are indeed precisely known before the protectorate only because it was a crucial information for the creditors.

What follows directly from the sources mobilized in this work is that the definition of debt adopted includes only external debts and neglects internal debts. Several reasons motivated this choice. Internal debt are first of all very difficult to estimate. To our knowledge, there has been no attempt to estimate them, a more important archival work in Morocco would have thus been needed to document them. The second reason is that over the period for which global debt estimates are provided (1902-1956), external debts mechanically become the only source of Moroccan indebtedness: the loans borrowed by Morocco to Europeans are mainly consolidation loans which are devoted to reimburse all previous loans. The issue of Morocco is precisely that all its debt is owned by Europeans and especially France. The third reason is that internal debts are likely to be negligible. Interest rates are prohibited by the Islamic law (*Ribâ*) which explains why bankers in Morocco at the end of the XIXth were almost all branches of European banks. It is however in theory possible that some loans were lent by Jewish bankers but this remain to be investigated. Finally, the last reason is that the living standard was low in Morocco and that

FIGURE 1:
GDP per capita in France, Spain, Morocco, Algeria and Tunisia
in Geary-Khamis dollars (1820-1950)



Source. MADDISON, A. (2007). *The world economy volume 1: A millennial perspective volume 2: Historical statistics*. Development Center Studies, OECD Publishing.

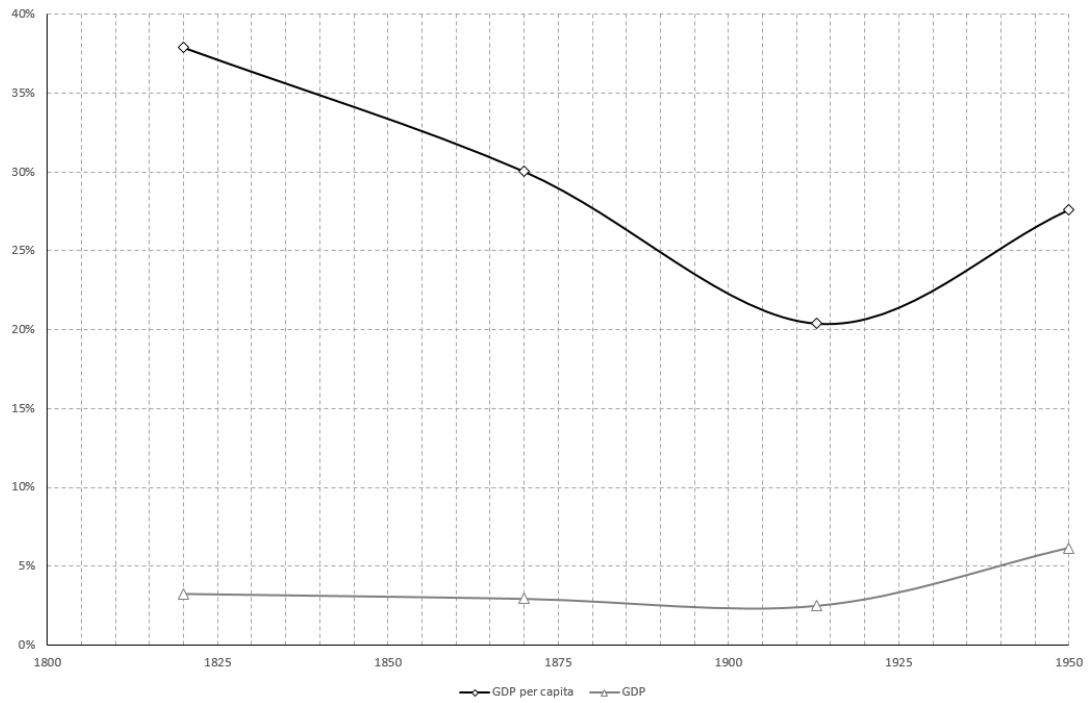
savings were probably not important.

The FIGURE 1 displays the evolution of GDP per capita in Morocco between 1820 and 1950 to have a broader understanding of the evolution of living standards. It is expressed in Geary-Khamis dollars in order to be compared to other countries, in particular France, Spain, Algeria and Tunisia. Over 130 years, the GDP per capita in North African countries was multiplied by three whereas it was multiplied by five in France and two in Spain. This general increase of living standards maintained if not increased inequalities between nations. The FIGURE 2 compares more precisely Morocco to France : it expresses the Moroccan GDP and GDP per capita as a share of France's GDP and GDP per capita.

Although many data used in this work are long-term series, it is divided into two main historical periods.

Part I is devoted to the period preceding the French protectorate and the First World War. Section 1 contextualises from a historical point of view the debt crisis of the early XXth century. It recalls some important facts and debates regarding the first globalization, the European economic expansion and the debt imperialism. The Moroccan situation at the end of the XIXth century is also detailed with a specific focus on the Spanish war compensations and the apparition of structural trade balance deficit. Section 2 is the core of the first part. It explores the

FIGURE 2:
Morocco's GDP and GDP per capita expressed as a share
of France's GDP and GDP per capita (1820-1950)



Source. MADDISON, A. (2007). *The world economy volume 1: A millennial perspective volume 2: Historical statistics*. Development Center Studies, OECD Publishing.

numerous roots of the 1904 loan and explains its main features and immediate consequences. The debt burden during the ten years preceding the protectorate is then estimated by means of several ratios on Moroccan public finances. The indebtedness of Morocco as a whole was not excessive according to our modern standards. It was still already largely unbearable for the central government which was undergoing a deep political crisis and generated too few revenues. Section 3 addresses the institutional consequences of debt. The 1904 loan led to the establishment of a French administration anticipating the protectorate and in charge of collecting customs revenues. Its status and importance grew as the Moroccan indebtedness worsened, with the Algeiras Act of 1906 and the 1910 loan.

Part II aims at understanding the role of debt within the protectorate. Section 4 first explains where the Moroccan debt comes from: debt must be understood in the light of a trade balance deficit which implied substantive capital inflows to reach the equilibrium of the balance of payments. Estimates of the evolution of the debt burden are provided, and reveals that it varied greatly: it reached a peak at the end of the 1930s before vanishing with the inflation following the Second World War. Section 4 gives as well some intuition on the uses of a public debt composed almost exclusively of foreign loans. Finally, Section 5 explores debt's long-lasting implication. The Moroccan loans before the protectorate led the *Banque de Paris et des Pays-Bas* to obtain a central position within the colonial economy. Its importance can be understood through three entities: the State Bank of Morocco, a powerful financial holding called Génaroc, and *Énergie électrique du Maroc* which is an example of a company indirectly controlled by Paribas.

Part I

Debt in the age of empires

1 Economic imperialism and Morocco in the XIXth century

1.1 The first globalization and the controversial thesis of an economic imperialism

Debt is fundamentally a capital flow. There is thus no coincidence that the multiplication of debt crises is contemporaneous with the massive increase of capital exports. Of course, these capital exports are not limited to debt. But the recurrent external debt issue faced mostly by non-western countries cannot be isolated from a broader phenomenon: the first financial globalization. The second half of the XIXth century was indeed an era where capital flows were basically unrestrained due to the absence of formal barriers. This led to a very high degree of current-account openness, reflected by a large disconnection between domestic savings and investment. The gold standard is the usual suspect to explain the pre-First World War globalization. Initially adopted by Britain in 1821, it gradually expanded during the second half of the XIXth century.

This process of financial globalization reached a peak between 1900 and 1913. Capital exports indeed dramatically increased : French capital exports grew from \$2.5 million in 1870 to \$8.5 million in 1914⁴. This evolution led to the greatest level of net foreign capital ever met in history (Piketty, 2013 ; see FIGURE 3 and 4).

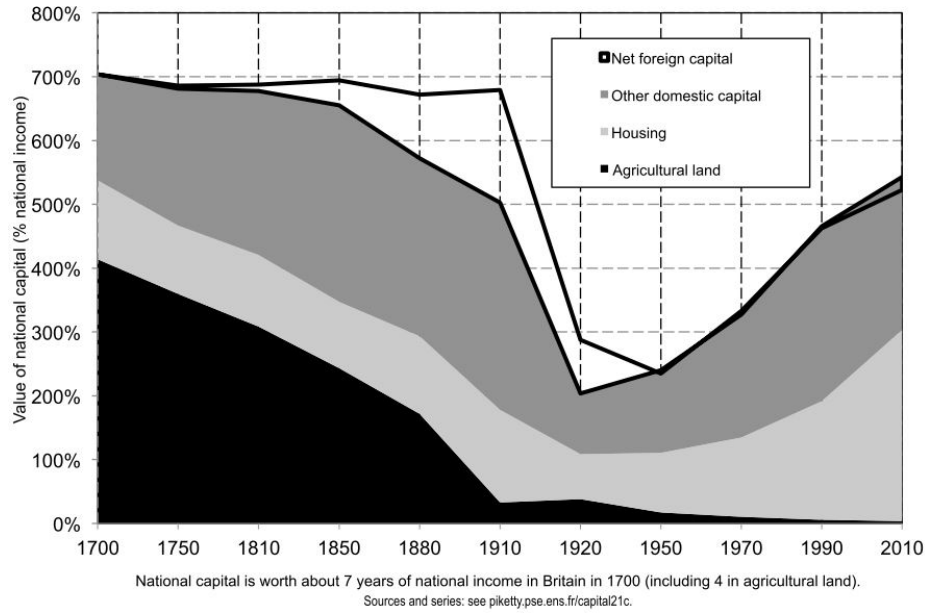
The link between these massive capital exports and European expansionism at the end of the XIXth century may seem obvious. Standard economic theory predicts that capital is invested in countries that have the highest interest rates, and thus in countries in which capital is relatively scarce. The non-western world, that suffers from European expansionism, is also likely to be characterized by a higher marginal productivity of capital.

The father of the thesis of an European economic imperialism is John Atkinson Hobson, who published in 1902 a book soberly entitled *Imperialism. A study*, written when he was covering the Boer War. He came back in England fiercely opposed to imperialism. Hobson is one of the first intellectual to write on what started to be called "imperialism". This concept first appeared in Great Britain in the 1870s, and exploded into general use in the 1890. For Eric Hobsbawm, "it was a novel term devised to describe a novel phenomenon"⁵. If Hobson did not invent the word, he wanted to explain its roots. Imperialism, that he understood as the territorial expansion of European countries, is characterized by a paradox: why did Great Britain conquer territories

⁴WESSELING, H. (2013). *Les empires coloniaux européens (1815-1919)*. Editions Gallimard, p.240

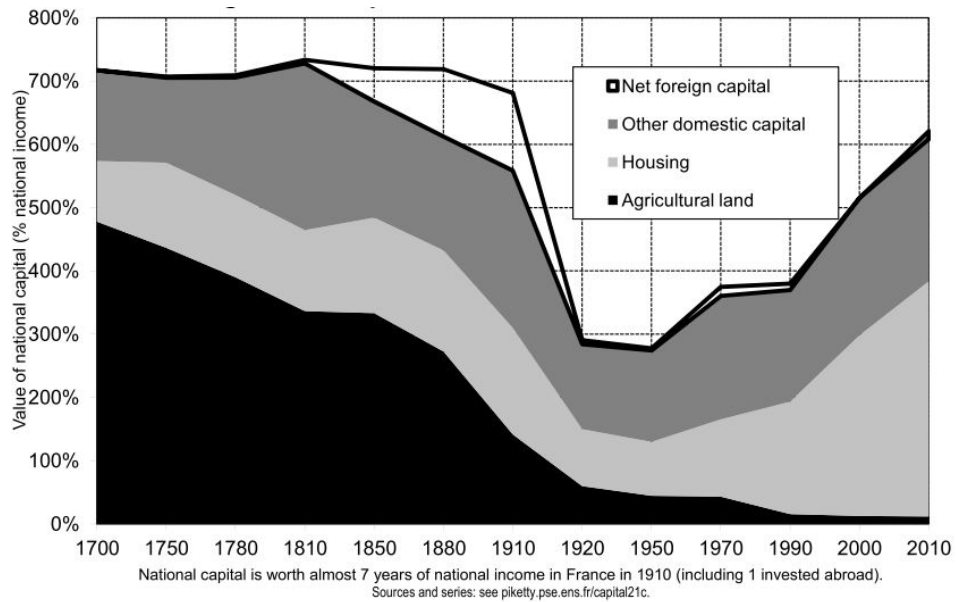
⁵HOBBSAWM, E. (2010). *The Age of Empire: 1875-1914*. Hachette UK.

FIGURE 3:
Capital in Great Britain (1700-2010)



Source: PIKETT Y T. (2013), *Le capital au XXIe siècle*. Seuil. Graphique 3.1. p. 188.

FIGURE 4:
Capital in France (1700-2010)



Source: PIKETT Y T. (2013), *Le capital au XXIe siècle*. Seuil. Graphique 3.2. p. 189.

having a low importance in terms of trade ? He solved this issue by stressing the role of finance and capital exports. According to him, capitalism led to under-consumption, since workers produced more than what they received as a wage: Hobson considered demand as structurally low in European countries. To be invested with large profits, capital surplus could thus only be invested abroad because of these too narrow national markets. Lenin, in his famous book published in 1917, *Imperialism, the Highest Stage of Capitalism*, only transformed this reasoning into a historical necessity: imperialism is a necessary evolution of capitalism. On the contrary, according to Hobson, State interventions could improve domestic demand to solve the issue of under-consumption.

The economic roots of imperialism has been a constant subject of debate. Historians fighting the thesis of an economic imperialism indeed stressed at the same time that mostly non-economic reasons drove the conquest of a colonial empire and that these empire were not economically profitable. In the United Kingdom, John Gallagher and Ronald Robinson (1955) challenged the “Hobson-Lenin” thesis by arguing that the British imperialism from 1880 to 1914 does not differ radically from the previous non-imperial period, characterized by free trade. The British imperialism is only a formalization of an informal trade empire, which has been necessary because of the multiple local crises that surged because of these trade relationships. The specificity of the second half of the XIXth century is therefore denied. In France, Henri Brunschwig (1960) completely denies the thesis of an economic imperialism: according to him, it is impossible to explain the French colonial empire by economic interests since it generated no profits. The only valid explanation of imperialism is thereby the Third Republic’s nationalism, which aims at overriding the shameful 1870 defeat against Germany. One main fact denying the economic importance of the French empire stresses the fact that capital was actually mostly invested in Europe and North America (TABLE 1).

Jacques Marseille, in his influential work on the French colonial empire⁶ aims at improving those criticisms. Beyond the evidence that its conquest is mainly driven by nationalism and strategic factors, he argues that before 1914, it is not finance that mainly benefited from the conquest of empires, but industries (cotton, metal and food industry).

1.2 Debt and imperialism

If economic factors are less and less popular to explain European imperialism, it does not follow that they played little role in the conquest of empires. In particular, they can be used to create a political domination whatever was the initial motivation (strategic, economic or ideological). The existence of debt imperialism inverts therefore the perspective. The previous understanding of economic imperialism attempted to unveil economic motivations behind the conquest of colonial empires. The new understanding aims to discover if economic tools could be considered as a way to conquer colonial empires. The imperialism of free trade had long before envisaged this option. The role of debt, if it is often mentioned, is however not generally studied as such. As in many cases, the understanding of the past is shaped by present issues: the current public debt crisis in Europe leads economic historians to focus on public debts. Indeed, as underlined by Graeber

⁶MARSEILLE, J. (1984). *Empire colonial et capitalisme français*. Albin Michel.

TABLE 1:
Geographical distribution of French foreign long-term investments (Billions of francs)

	1900		1914	
Russia	7.0	25,00%	11.3	25.11%
Spain and Portugal	4.5	16.07%	3.9	8.67%
Austria-Hungary	2.5	8.93%	2.2	4.89%
Balkan states	0.7	2.5%	2.5	5.56%
Italy	1.4	5,00	1.3	2.89%
Switzerland, Belgium and Netherlands	1.0	3.57%	1.5	3.33%
Rest of Europe	0.8	2.86%	1.5	3.33%
United States and Canada	0.8	2.86%	2.0	4.44%
Total Europe and North America	18.7	66.79%	26.2	58.22%
Turkey	2.0	7.14%	3.3	7.33%
French colonies	1.5	5.36%	4.0	8.89%
Egypt, Suez and South Africa	3.0	10.71%	3.3	7.33%
Latin America	2.0	7.14%	6.0	13.33%
Asia	0.8	2.86%	2.2	4.89%
Total non-Western World	8.5	30.36%	16.6	36.89%
Total	28	100%	45	100%

Source. FEIS, H. (1930). *Europe, the world's banker, 1870-1914: an account of European foreign investment and the connection of world finance with diplomacy before the war*. New York : A. M. Kelley, "Reprints of Economics classics", 1964 (1930). p.51

(2011), the better way to justify relationships based on violence and on inequality is to express them in moral terms.

In theory, we could distinguish two kinds of debt imperialism. The first type would be a direct extension of a military imperialism: it is the debt following a military defeat and imposed by winners. History is replete with examples of war compensations that are far from concerning only colonial expansion. France for instance had to pay massive war compensations to Germany after the 1870 war. The second type of debt refers to financial needs – more or less planned – which lead foreign countries to have a growing power over indebted countries threatening thereby their independence. Foreign loans are the means through which this power is exerted by generating interests and a debt servicing that tie the debtor's hands over the long run. These two kinds of debt imperialism must obviously be considered as (idéauxtypes). The different countries which suffered from this economic imperialism may then tend towards one or the other case, the frontier between the two being blurry most of the time.

China for example would tend towards the first type (Truong, 2015). Most of the loans were borrowed either because of war compensation, or in order to finance military expenditures - either against foreigners or to quell internal rebellions. Indeed, according to Feis (1930), most of the Chinese debt burden preceding the Revolution was due to war compensations and military spendings due to rebellions against foreigners. For example, the 1874 loan was devoted to pay the Japanese war compensation while the five loans borrowed between 1875 and 1882 were needed to face the Tungan rebellion. Wars against European powers led as well to foreign loans, as it is the case during the war against France (1881-1885).

The Egyptian debt would on the contrary tend towards the second type. The Egyptian khedives decided in the 1850s and 1860s to open their country to trade and to borrow from Europeans to build infrastructures. The Secession War in the United States is indeed the main cause of the boom of Egyptian cotton exports. In the 1870s, when the United States could export cotton again, prices dropped and Egypt's ability to reimburse its loans was undermined. The Great Depression which started in 1873 reduced European capital exports forcing the khedive to rely on short term cash advances to service its debt. As soon as 1875, European missions were called to manage Egyptian public finances and Egypt had to sell its shares of the Suez canal.

In many respects, the Moroccan debt could be considered as a mix between the two types of debt imperialism highlighted above. War compensations played a crucial role in Morocco's weakening, the largest being the Spanish ones in 1860 (Section 1.3.2.) and 1894 (Section 1.3.4.) and the French one in 1907 (Section 2.2.2.). They prevented any ambitious reform in Morocco and led from time to time to a foreign loan which tied the Maghzen's hands over the long run (the British loan in 1861, see Section 1.3.2.). At the same time, Morocco's indebtedness could hardly be reduced to an extension of a military imperialism. Moroccan economic situation was structurally weakened after its integration to the world economy as it is testified by its trade deficit (Section 1.3.3.). The economic crisis at the early XXth century which ultimately led to the crucial 1904 loan (Section 2.1.2.) involved actually no war compensations. The worsening of the trade deficit, the currency crisis, the Sultan's spendings in 1903 and the failed tax reform were more important causes of the 1904 loan in the medium run.

Debt must not however be overestimated as a way to subjugate a country. In the first half of the XIVth century, the Bardi and the Peruzzi families were the wealthiest Florentine bankers. They lent vast sums to King Edward III of England during the 1330s as he prepared for the Hundred Years' War. They were quickly caught in a trap: they already had lent so much to the king that they felt compelled to lend more to him, lest they lose what they had already lent. In 1343, when Edward III realised the war against France was going to last, he repudiated his debts, ruining thereby the Italian bankers. Debt is thus nothing without the necessary coercive strength to compel debtors or creditors. It must be understood as a financial relationship which mirrors the existing balance of power. Behind the debt imperialism organized by bankers and diplomats, there is always a powerful army to support them.

1.3 Morocco facing Europe

1.3.1 The forced opening of Morocco through trade treaties

If in the XVIIIth century, Moulay Ismail (1627 - 1727) could treat Louis XIV (1643 - 1715) as an equal, the balance of power tipped progressively. The Moroccan defeat on 14 August 1844 near the Isly River⁷ is a major turning point. It revealed the Moroccan army's archaism and that the Sultan was no longer able to resist to a modern European power. Since the Battle of the Three Kings (4 August 1578), Morocco was indeed seen as a respected and powerful empire

⁷The Isly River is close to Oujda, at the level of Algerian border. This battle must be understood in the aftermath of the French invasion of Algeria. The emir Abd-el-Kader who incarnates the Algerian resistance against the French obtained the Moroccan support preaching the jihad. After the defeat of the Moroccan Sultan Abdurrahman (1822 - 1849), Abd-el-Kader is outlawed in Morocco and a border with Algeria is drawn.

which should be treated with consideration.

The recognition of this new weakness transformed the trade relationships between Morocco and Europe. The commercial treaties can then be separated into two categories⁸. Before 1856, there were traditional bilateral treaties⁹, focusing primarily on establishing consuls and fighting against piracy. Customs and trade are discussed only collaterally. The treaty with the United Kingdom in 1856 is of a new nature: it is the first to encroach on cherifian sovereignty. The treaty defined custom rates on imports (10%) and exports, and prevented the Sultan from adding other taxes and customs. It also forced him to break some of its monopolies. With the 1856 British started a new era in Morocco's trade history. In 1858, the Netherlands signed a trade treaty with Morocco by simply mentioning the most favored nation status, as did Belgium in 1862¹⁰. The Madrid conference in 1880 – which was initially organized to deal with protection rights – granted the most favored nation status to all the participating countries¹¹. The 1856 treaty thereby laid the foundations of all the following trade treaties until the Algeciras Conference in 1906.

After the British treaty of 1856, the protection right expanded dramatically. In the XVIIIth century, foreigners obtained many administrative privileges that allowed them to avoid paying taxes or to escape Moroccan justice. The main issue raised by the protection rights is that Europeans expanded it to Moroccan subjects. In 1750, the British consuls obtained the right that the Moroccans hired as interprets or brokers would be exempted from taxes. After 1856, this system generated abuses and traffics and started to dangerously harm Moroccan sovereignty. This status was very much sought-after, and almost any foreigner could pretend to be a merchant and to be entitled to grant its protection to Moroccans. In the case of the Jews, there were 90 in 1859 to have this status. In March 1860, they were 763¹². Some Moroccans also attempted to take advantage from this situation. The caïds in particular used it as a pretext to send less tax resources to the Maghzen. This extension of the protection right must also be paralleled with the general increase of the European population in Morocco. From less than 500 around 1850 it had risen to 9,000 in 1894¹³. The protection right therefore significantly impacted tax resources, even though its precise extent is not known. It also dangerously jeopardized the Sultan's authority. The French for example granted their protection to Ouezzan's sharif in 1884: as a descendant of Idriss II of Morocco (791-828), he was a spiritual leader and could be opposed to the Sultan.

1.3.2 The 1860 Spanish war compensation and the 1861 British loan

The increasing living costs due to concessions made to foreigners fuelled the Moroccans' discontent. Following an attack of Spanish fortifications, Spain declared war to Morocco : the general Leopoldo O'Donnell y Joris at the head of 50,000 soldiers conquered Tetouan in 1860.

⁸DONON J. (1920), *Le régime douanier du Maroc et le développement du commerce marocain jusqu'à nos jours*, p.47.

⁹See for example the treaties with Austria (1830), the United States (1836). France renewed its 1767 treaty in 1825.

¹⁰*Ibid*, p.51-54.

¹¹Austria, Belgium, France, Germany, Hungary, Italy, Netherlands, Portugal, Spain, United Kingdom, United States of America, Sweden and Norway

¹²JULIEN, C. A. (1978). *Le Maroc face aux impérialismes: 1415-1956*. Éditions JA. p.32.

¹³MiÈGE, J. L. (11963). *Le Maroc et l'Europe, 1830-1894*. Presses universitaires de France. 4. Vers la crise.

The British however quickly stopped them, preventing Spain to march on Tangier and to annex Tetouan. This skirmish led to the first debt imposed on Morocco.

With the Ceuta Treaty (26 April 1860) which ended the war, the new Sultan Sidi Muhammed (1859-1873) managed to concede to Spain only minor territorial changes around Ceuta and Melilla. The Sultan had however to pay substantial war compensations to Spain amounting to 20,000,000 douros - approximately 100,000,000 francs-or or 400,000,000 reales vellones¹⁴. It is the first example in modern Morocco of a debt due to war compensations. The war compensation had to be fully paid back by the end of December 1860, and Tetouan had to be occupied by the Spanish army until then. This debt represented a significant burden for the Sultan. It amounted to approximately 25% of the Moroccan GDP while the Moroccan Treasury owned only 40% of the required sum¹⁵, *i.e.* 40,000,000 francs or.

Spain was however a relatively weak European power at that time and England actually brought the situation under its control. Indeed, the interests of the United Kingdom were early and firmly anchored in Morocco, as evidenced by the 1856 treaty and the strong influence of John Drummond Hay - the United Kingdom's Envoy Extraordinary at the Court of Morocco. The British prevented then Spain to fully exploit their military victory. In October 1861, Spain signed a treaty with Morocco to agree to leave Tetouan when three more million douros - 15,000,000 francs - would have been reimbursed. England issued a loan to help Morocco to pay the required amount and thus to force Spain to leave Tetouan, transforming a simple war compensation into a long term financial commitment.

The loan was issued by Sirs Robinson, Fleming and Philippe P. Blyth. The nominal capital issued amounted to £501,200 - approximately 17,500,000 francs - whereas the actual capital perceived by the Sultan totalled to £426,000. The 5% interest rate has to be paid in London to the London and County Bank. The amortization was biannual, with draw-down in February and in August, starting from 1 February 1862. The debt servicing was secured by half of the customs revenues levied in every Moroccan ports - the other half being devoted to the Spanish government. Civil servants appointed by the British government were in charge of perceiving customs duty. Every semester, the British governments collected on the customs duty levied by its agents the necessary sum to service the debt. It had to deliver it the Sirs Robinson, Flemin and Philippe P. Blyth six weeks before the applicable coupon payment date in London¹⁶.

In 1861, Morocco probably still had resources to face European powers. The debt servicing due to the British loan is actually only a moderate burden on the customs revenue. The yearly payment represented actually approximately 12% of the customs revenues¹⁷ which were not the only government revenues at that time. The debt service during the 1860s and 1870s was therefore a lighter burden than during the first half of the XXth century (Section 2 and 4). As a matter of fact, it has been regularly paid until 1882, when the loan has been entirely reimbursed and when the British civil servants left the country¹⁸.

¹⁴1 douro = 20 reales vellones = 5 francs or

¹⁵JULIEN C. A., (1978). *Le Maroc face aux impérialismes: 1415-1956*, p.30

¹⁶MIÈGE, J.-L. (1969). *Documents d'histoire économique et sociale marocaine au XIXe siècle*. Emprunt de l'Empire du Maroc p.57-5

¹⁷According to the loan contract, Moroccan customs reached £322,904 per year - approximately 11,300,000 francs - whereas the debt servicing required actually only £38,000 per year - 1,300,000 francs

¹⁸DEEF/73474/1 - Indemnité de guerre due par le Maroc à l'Espagne

TABLE 2: Moroccan payments of Spanish war compensations
Between 1860 and 1885

	Reales vellones	Francs or
1860	139 177 750	36 186 215
1861	59 400 187	15 444 048
1862	11 063 505	2 876 511
1863	9 740 294	2 532 476
1864	8 194 082	2 130 461
1865	10 312 852	2 681 341
1866	7 637 707	1 985 803
1867	4 991 069	1 297 677
1868	6 041 968	1 570 911
1869	5 605 655	1 457 470
1870	6 750 985	1 755 256
1871	9 604 444	2 497 155
1872	12 170 506	3 164 331
1873	15 962 440	4 150 234
1874	9 217 789	2 396 625
1875	9 464 381	2 460 739
1876	13 736 227	3 571 419
1877	11 191 132	2 909 694
1878	5 609 244	1 458 403
1879	5 658 017	1 471 084
1880	7 083 939	1 841 824
1881	4 937 889	1 283 851
1882	13 182 825	3 427 534
1883	10 473 624	2 723 142
1884	5 726 030	1 488 767
1885	1 405 379	365 398
Total	404 339 920	105 128 379

Source. Crédit Lyonnais, DEEF 734741 - Indemnité de guerre due par le Maroc à l'Espagne, extrait des comptes officiels du gouvernement espagnol.

One main feature of debt is its ability to generate internal tensions from an external source. The 1860 war compensation for example generated many tensions in Morocco. In July 1860, the Sultan Muhammad IV asked to the ulamas - the guardians of religious traditions - how it could pay the compensation claimed by Spain. Whereas the Sultan wanted a more global fiscal reform such as a land tax, the ulamas only agreed to perceive extraordinary contributions and opposed all structural and durable tax reform. These extraordinary measures being impossible to set up for political reasons, Muhammed IV finally overlooked their oppositions and established indirect taxation on trade transaction (*mukûs*). These new taxes fuelled a structural discontent that burst in 1873 when Hassan I was proclaimed Sultan, succeeding to its uncle who died : the protesters wanted to abrogate the mukûs before pledging allegiance to him¹⁹

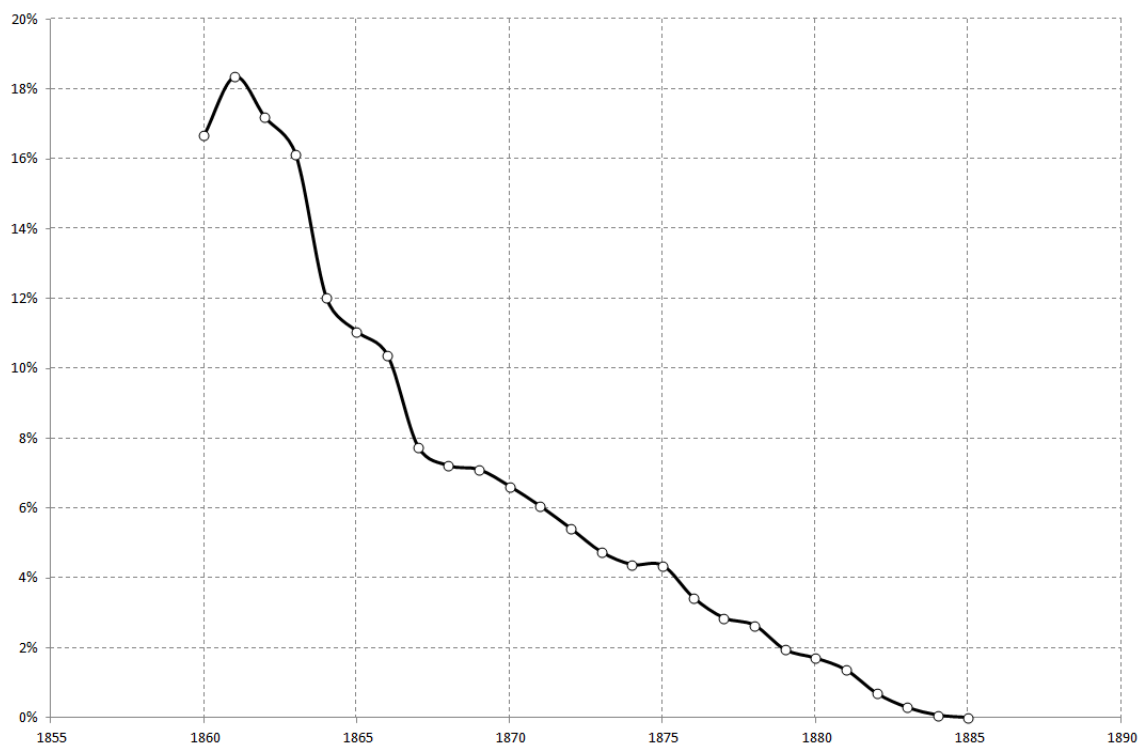
The reimbursement of the British loan did not end Morocco's indebtedness since it actually represented only a small part of the Spanish war compensation (3,000,000 over 20,000,000 douros). Payments indeed extended over twenty-five years, until 1885 (TABLE 2). The 1860 payment is consistent with Charles-André Julien's assertion that Morocco's Treasury owned 40% of the war compensation at that time since it is equivalent to approximately 35% of the total required. Most of Morocco's budgetary reserves were thereby absorbed by war compensations. The 1861 payment is also equivalent to the 3,000,000 douros claimed by Spain and borrowed from England. The next payments correspond to the collection of customs revenue. If the total is higher than the initial 400,000,000 reales, it is because in the last few years, these figures include other minor compensations perceived by Spain which were not recorded separately. In 1887, when the compensation was fully paid, Spanish civil servants left in turn the country.

The easiest way to understand the burden of that debt for Morocco at that time is to express it as an external debt/GDP ratio (FIGURE 5, see Appendix for further details on GDP estimates). The Spanish war compensation was equivalent to approximately 25% of the Moroccan GDP in 1960. Since 40% of it was immediately reimbursed, the ratio amounted to only 16% in 1860. Although my GDP estimates can be discussed, the important fact to underline is that this compensation represented a massive burden for Morocco at time. This debt is actually relatively greater than the one who lead to the protectorate (See Section 2). After 1861, the external debt/GDP ratio also includes the British debt. This debt has then been regularly reimbursed but its weight expressed as a debt/GDP ratio probably underestimate its true burden. Indeed, debt was denominated in European currencies and had thus to be reimbursed in gold or silver. The reimbursements had then also indirect costs: they increased the exports of "good" currencies and thus fuelled the monetary crisis that Morocco faced (see Section 1.3.3.). Computing a new ratio enables to estimate the true burden of the war compensation and of the British loan, by taking into account the fact that the Moroccan debt was denominated in European currencies. Indebtedness is then expressed as a ratio debt/exports were exports are an average over the years 1871-1885 (FIGURE 6). The initial amount of the Spanish war compensation represented more than 6 average years of exports.

Moroccan debt issues in the 1860s did not therefore lead Europeans to impose a political domination over the country. Morocco probably still had some resources in 1860 to resist to Spain penetration. The history of Morocco between 1870 and 1900 is a history of a progressive

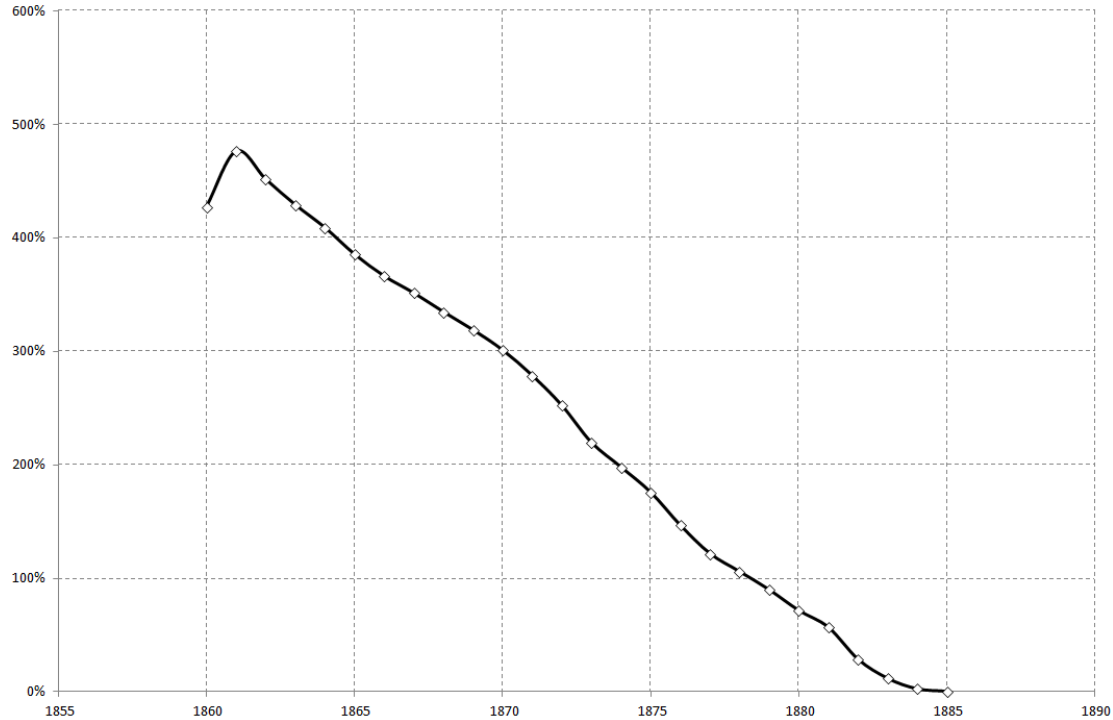
¹⁹LAROUÏ, A. (1992). *Esquisses historiques*, Rabat, 1992.

FIGURE 5:
 Moroccan external debt burden
 due to the Spanish compensation and the British loan
 as a share of GDP (1860-1885)



Sources. Debt data for both the Spanish compensation and the British loan are extracted from Crédit Lyonnais' archives, DEEF 734741 - Indemnité de guerre due par le Maroc à l'Espagne, extrait des comptes officiels du gouvernement espagnol. GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

FIGURE 6:
Moroccan external debt burden
due to the Spanish compensation and the British loan
as a share of average annual export (1860-1885)



Sources. Trade data are derived from MIÈGE, J. L. (1962). *Le Maroc et l'Europe, 1830-1894: Les difficultés*(Vol. 3). p.237. The annual average exports between 1871 and 1895 totalled 16,137,600 francs. Debt data for both the Spanish compensation and the British loan are extracted from Crédit Lyonnais' archives, DEEF 734741 - Indemnité de guerre due par le Maroc à l'Espagne, extrait des comptes officiels du gouvernement espagnol.

weakening, involving a combination of exogenous crises, internal blockages and foreign penetration. The trade openness played a major role in this weakening by leading the country to suffer from a structural trade balance deficit.

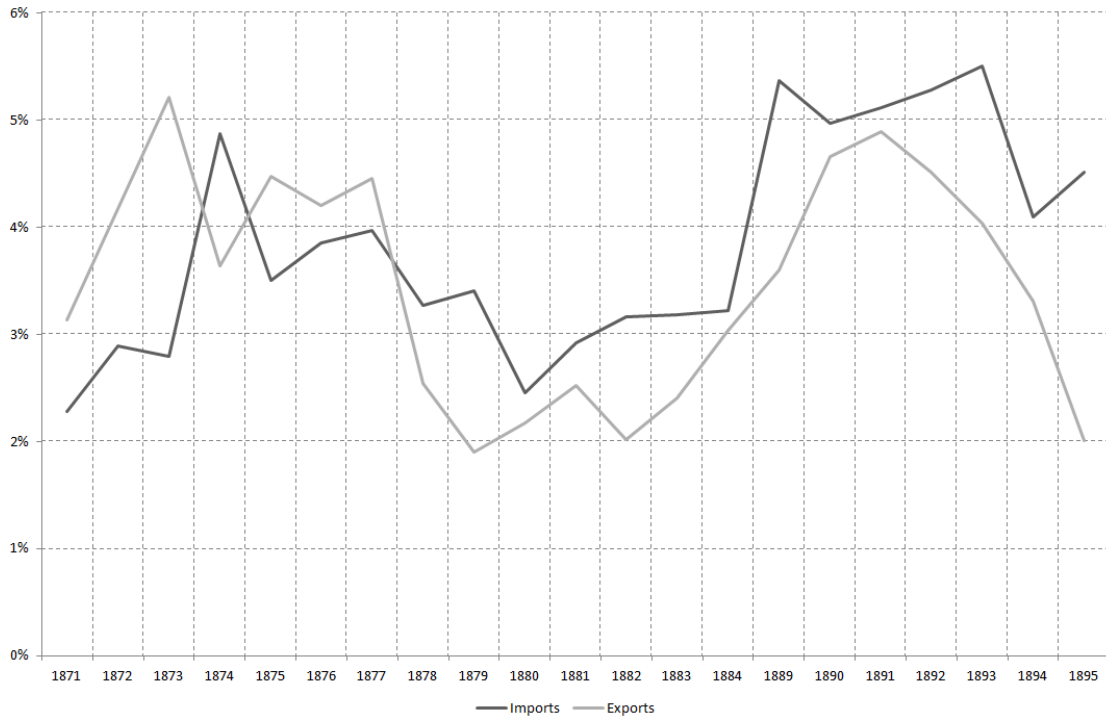
1.3.3 The trade balance deficit

The trade balance sums up well the progressive economic weakening of Morocco. Its evolution is indeed driven by the structure of the Moroccan economy whose weaknesses threatened the country's sovereignty once it is integrated to the global economy. The fatal debt crisis in the early XXth century must be understood in the light of this trade balance deficit which became structural.

The level of trade (FIGURE 7) as well as the high foreign trade coverage ratios (FIGURE 8) until 1878 reveal Morocco's prosperity in the first half of the 1870s . The years 1871-75 are actually probably the best of the whole XIXth century in terms of trade²⁰. The crops in 1872 and 1873 were excellent and therefore fuelled Moroccan exports, mainly composed of wool and grains. Agricultural prices were still high in Europe: they enabled Morocco to accumulate considerable

²⁰MiÈGE, J.-L. (1962). *Le Maroc et l'Europe 1830-1894*. Tome 3, p.236.

FIGURE 7:
Foreign trade as a share of GDP between 1870 and 1895



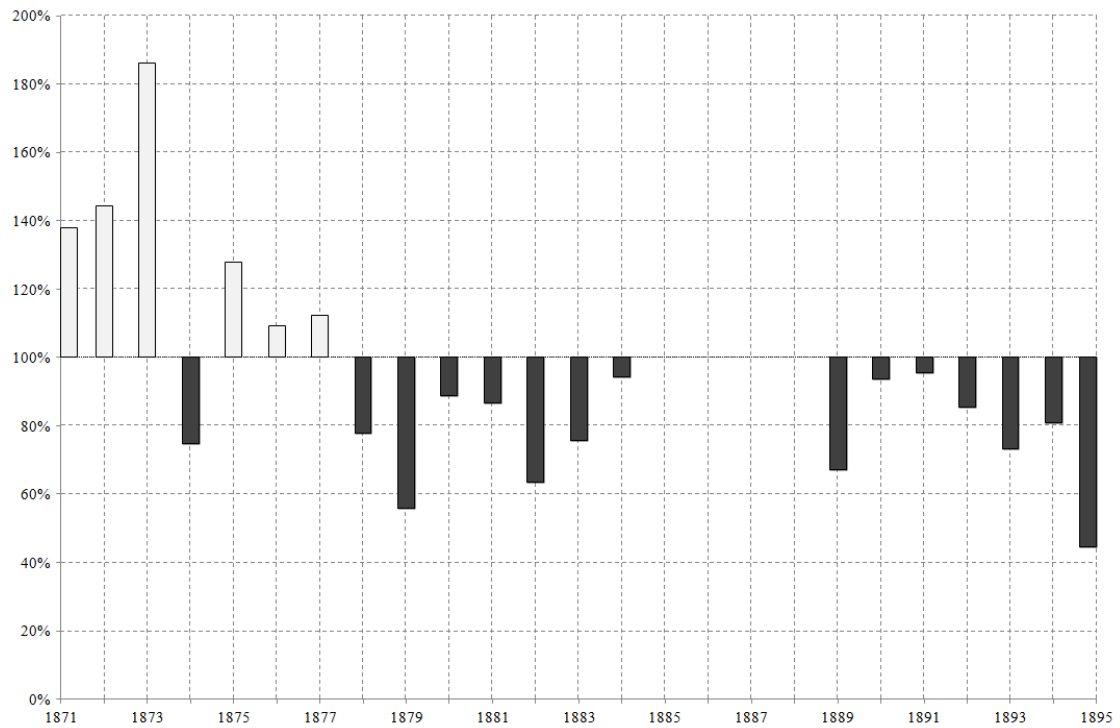
Source. Between 1871 and 1884, trade data are derived from MIÈGE, J. L. (1962). *Le Maroc et l'Europe, 1830-1894: Les difficultés* (Vol. 3), p.237. Between 1889 and 1895, trade data are derived from GUILLEN, P. (1973), p. 6. GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

financial reserves (40,000,000 francs or between 1871 and 1877). In 1873, the Maghzen even considered paying back the whole Spanish war compensation in advance, but its efforts were rejected by the Spanish Legation²¹.

This prosperity was actually short-lived - the most pessimistic would say misleading. The seven years between 1878 and 1885 were disastrous and certainly harmed Morocco's resilience. Its severity is due to the combination of a European and a Moroccan crisis. In Europe, the Great Depression of 1873-1893 resulted in the fall of agricultural prices and the rising protectionism (France adopted new tariffs in 1881). Because of the growing international competition, Moroccan exports were also less demanded in European markets. Moroccan wool and goat skins suffered indeed from Australian competition, while the decrease of transportation costs made the grains imported from the United States cheaper. In Morocco, droughts and plague of grasshoppers caused a subsistence crisis that lasted seven years. Grain prices were multiplied by four within a matter of weeks, goats and sheep died by thousands. Cholera epidemics worsened the situation in 1878: thirty people were dying every day in Meknes and Fez. This conjunction of crises resulted in the collapse of trade, since it decreased by 30% between 1877 and 1878. Exports fell more steeply - by 45% - while imports contracted by 28%. These crises resulted as well in a trade balance deficit which became structural starting from 1878. Imports indeed could not fall

²¹ *Ibid*, p.238.

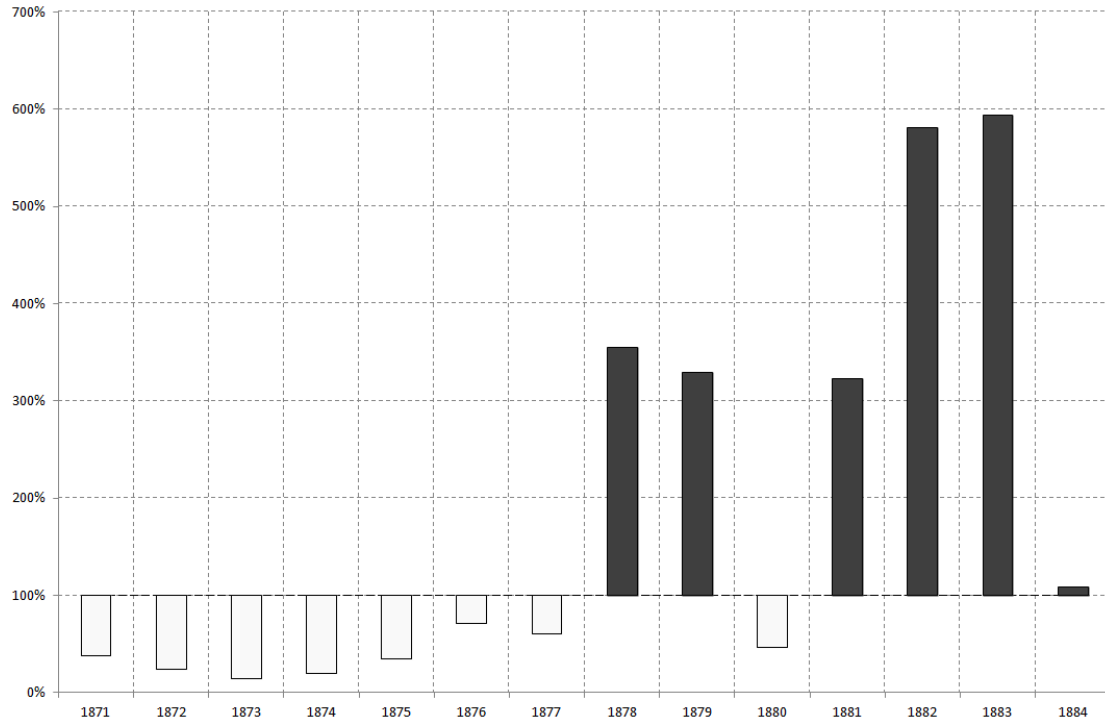
FIGURE 8:
Foreign trade coverage ratio of Morocco between 1870 and 1895



Note: The coverage ratio is defined as the ratio between the value of exports and that of imports. If the ratio exceeds 100%, the value of Moroccan exports exceed the value of Moroccan imports. Data are missing between the years 1885 and 1888 included.

Sources. Between 1871 and 1884, trade data are derived from MIÈGE, J. L. (1962). *Le Maroc et l'Europe, 1830-1894: Les difficultés*(Vol. 3), p.237. Between 1889 and 1895, trade data are derived from GUILLEN, P. (1973), p. 6.

FIGURE 9:
Cash coverage ratio of Morocco between 1871 and 1884



Note: This cash coverage ratio is defined as the ratio between the cash exports and cash imports. If the ratio exceeds 100%, the value of Moroccan exports exceed the value of Moroccan imports. They do not include the war compensations paid to Spain until 1885 neither the Maghzen's spendings in Europe (arms purchase, Moroccan students in Europe) Data are missing between the years 1885 and 1888 included.
Source: Data are derived from MIÈGE, J. L. (1962). *Le Maroc et l'Europe, 1830-1894: Les difficultés*(Vol. 3). p.237 and p.409.

as much as exports since it was more and more necessary goods which were imported (grains, tea and sugar). These purchases must obviously be paid: the persistent trade balance deficit quickly turned into a monetary and financial crisis.

As a matter of fact, increasing cash exports are the mirror image of the deepening of trade balance (FIGURE 9). Between 1878 and 1884, cash exports totalled 21 millions of francs. They do not equal the trade deficit (32 millions of francs) because it is partly offset by property disposals. The monetary crisis faced by Morocco was not only due to the amount of cash exported, but also to its nature. Only "good" currencies were exported, whereas "bad" currencies stayed in the country (such as Isabellines or Philipppines, which are demonetized currencies in Spain), leaving it without any reliable money. Copper became the actual monetary standard, whereas it was quickly depreciating²². The Moroccan money was officially pegged to the Spanish money which was also quickly depreciating. In 1891, the pesetas and the franc exchanged at par value and in 1892, the pesetas lost 2%. This loss accelerated and reached 25% in 1897. In a context when Morocco had very little to export, imports and the Maghzen's spendings in Europe became dramatically expensive while tax resources contracted: the decline of trade reduced customs

²² *Ibid*, p.432.

revenues by 70%²³. Even if the Maghzen attempted to create new taxes, tribes rebellion due to the social crisis deepened the public finance crisis. In 1884, a loan from a Genoese bank was being considered, but the project was abandoned. Moulay Hassan (1873-1894) finally borrowed smaller amounts from Europeans and Moroccan merchants. A trade increase in 1885 enabled him to avoid a loan which would have tied his hands politically.

If the year 1885 brought temporary relief thanks to the first good harvest since 1877, Morocco was still extremely vulnerable. If between 1887 and 1891, good weather conditions restored prosperity for a few years, once again it did not last since another plague of grasshoppers destroyed the crops in 1891, causing new starvation and fuelling social unrest. These recurring subsistence crises prevented the country from improving its trade balance and stopping cash exports. However even in the most prolific years Morocco did not manage to offset its trade deficit. The rationale must be found in the change in consumption pattern in Morocco. European goods became increasingly popular and replaced goods which were previously produced locally. Waterproof clothing, candles, oil lamps are more and more demanded. British pottery, silk from Lyon or German cutlery replaced local products and dangerously harmed local handicraft.

The trade deficit in the 1880s might have been cyclical: one could have expected Morocco to be again mainly an exporting country once it would have overcome its agricultural crisis. On the contrary, the trade balance in the 1890s revealed the deficit was actually structural: it was due to the country's progressive integration to the global economy whereas it had not the means to compete.

1.3.4 The impossible reform

When Moulay Hassan was proclaimed Sultan in 1873, he was considered as a liberal and enlightened leader. He wanted to follow the path laid out by his father, Sidi Muhammed, who aimed at reforming the country after the Isly battle in 1844. Under Drummond Hay's influence, he indeed sought to open the country while preserving it from foreign domination. The military reform was its priority, by buying modern weapons, sending Moroccan students to Europe and paying European military instructors.

He also attempted to build a modest Moroccan industry through the creation of factories (sugar in Marrakesh, glass in Tangier²⁴). These efforts - albeit reasonable - failed. In each policy area, Morocco's human capital was insufficient and thereby any serious attempt of modernization needed European expertise. The Sultan for instance bought a war ship²⁵, but it has never been used, because it actually stayed most of the time in Cadix or Gibraltar for repairs and maintenance. To train students in Europe is a long and expensive process, although not always successful (students were sent to different countries and all learnt different methods). If those efforts helped to a certain extent Moulay Hassan to contain rebellions in its own country, it first and foremost strengthened European's presence in Morocco. The European military missions hence became increasingly important, but were mostly used to spy while generating substantial costs for Morocco (250,000 francs in 1887). It should be noted that the Maghzen was aware of

²³ *Ibid*, p.437.

²⁴ *Ibid*, p. 219

²⁵ *El Hassani* in 1882

the issues they caused and tried in vain to get rid of foreign military instructors in 1883, 1887, 1891 and 1892²⁶.

The greatest threat was however the protection right - already mentioned above - which continued to expand and to undermine the Sultan's authority. Moulay Hassan efforts materialized in international conferences held in Tangier (1877-1878) and Madrid (1880), but their achievements have been precisely the opposite of what he hoped. Under the pressure of the French delegate, backed by the Germans, the protection right is acknowledged and secured by an international treaty. The only Moroccan gain was the ability to perceive taxes on Moroccan *protégés*, but it was offset by the recognition of the property right for Europeans. Moreover, any change to the Moroccan situation concerned henceforth all the participating countries.

With the persistent trade deficit, one of the most urgent reform was the financial one. The massive cash exports left the country with almost no coins. The Sultan is then forced to coin money abroad to avoid the collapse of its country's economy. In 1881, a new silver money - the *pesatas hassani* - is introduced in Morocco, but is far from solving Morocco's issues. In 1888, the Sultan attempted to build an "Hôtel des monnaies", with a modern equipment bought in Belgium, but it has never been used. As a consequence, 20 more millions are coined in Paris in 1891, but they quickly disappeared as well, leaving the country only with *Isabellines* and *Philippines*. Europeans considered the creation of a State Bank of Morocco to solve this monetary crisis, but could not act because of their rivalries. Indeed, if Morocco obviously had its structural weaknesses and made the wrong policy choices, its situation has been heavily worsened because of Europeans' pressure.

The crisis due to cash exports and the decrease of customs revenues was exacerbated by the compensations Morocco was forced to pay to Europe. The most well-known, and also the largest one, is imposed by Spain in 1894. Spanish used as a pretext a border incident around Melillia to compel Morocco to pay 20,000,000 pesetas - initially 25,000,000 but this sum has been reduced. The Sultan had to rely on non-recurring contributions and collective fines imposed on tribes, fuelling thus their rebellion. The Doukkala caïd had for example paid to the Sultan 140,000 douros²⁷, which is equivalent to 14% of the compensation. The Spanish compensation was however far from being the only one. France claimed 1,540,000 francs in 1887. In 1895, Great Britain claimed 120,000 francs, Netherlands 125,000 francs and Germany 250,000 francs. Even if the Spanish compensation was the largest one at that time, it is five times lower than the 1860 war compensation. It is also equivalent to only 3.7% of the Moroccan GDP. The complete list of Moroccan payments is unfortunately not known. We can however say that they were numerous and small. If these compensations did not tie the Maghzen's hands as would have done a loan, they significantly impacted its revenues and its ability to reform itself.

The modernization process - which would need large technical and financial means - was then definitely hindered. The *Times of Morocco* denounced in 1888 the paradoxical attitude of Europeans ministries who castigated the supposed Sultan's inertia while they hindered at the same time every attempt of reform. Any reform would imply indeed a technical help from a European power, and each European ministry was reluctant to agree to a reform which could

²⁶ *Ibid*, Tome 4, p.111.

²⁷ *Ibid*, p.123.

break the international equilibrium in Morocco. If the European imperial rivalries prevented a direct political domination for a while, they also prevented the country's reform.

The difficulty of Moulay Hassan's reformism is that in addition to the European appetite, he also had to manage internal oppositions. Some Zawiyas²⁸, in particular the Derkaoua Zawiya and the Senoussi Zawiya were directly opposed to the Sultan they accused to sell the country to foreigners. These internal oppositions²⁹ must however be understood also as a reaction to European penetration. Internal crises may seem exogenous at first sight. Actually, the frontier between internal (rebellions) and external (European influence) crises is blurry, each fuelling the other.

What fundamentally made the reform impossible in Morocco is that it had to face an insoluble dilemma. The reform was necessary to remain independent, but any serious attempt of reform would have needed the growing European involvement. The only remedy was the poison it tried to avoid. Morocco could therefore be opposed to Japan. Japan managed to reform itself without needing European involvement. The difference between the two countries could therefore rest on a question of timing. Japan started to reform itself in 1868 before Europeans durably settled in the country. In the case of Morocco, attempts of reform probably arrived too late, once the European presence in the country was already firmly anchored.

²⁸Islamic fraternities

²⁹The religious opposition from the Zawiyas can be bridged to the tribes rebellion due to excessive taxation

Conclusion of Section 1

As a conclusion, Morocco's weakening can be analysed in two ways. First, the country suffered from a *direct* weakening. This direct weakening came from explicit involvements of foreigners in Morocco. The debt imperialism is only a component of this direct weakening, and provides certainly the most impressive examples such as the 1860 Spanish war compensation and the 1861 British loan. These examples are however far from being the only ones. The generalization of the protection right, the numerous war compensations and the presence of European military missions at the Sultan's court were direct and explicit involvement of Europeans in Morocco. These direct involvements were probably contained at the end of the XIXth century because of European rivalries. It is therefore no coincidence that the 1860 Spanish war compensation is incomparably higher than the following one in 1894: a similar debt later would have broken the international equilibrium in Morocco. If Spain could impose another relatively important debt to Morocco in 1894, it was surely because Spain was not an important competitor in the imperial race at the worldwide level.

The *indirect* weakening is more subtle. It resulted from the forced trade opening of Morocco starting from the 1850s. Morocco did not prepare itself to be integrated to the world economy and was forced to do so while it was not ready. The structural trade balance deficit faced by Morocco starting from 1878 can indeed be interpreted in that way. Moroccan local products could hardly compete at the international level - at a time were transportation costs were quickly decreasing - while it demanded more and more foreign goods. In that case, European imperial rivalries on the contrary deepened the crisis since they prevented any attempt of reform. In another time, Morocco's episodic crises due to natural disasters would only have decreased the population and its the living standards. At the time of the first globalization and the European expansionism, any sign of weakness could threaten the country's independence.

The crisis of the early XXth century is only a worsening of the trend identified in the XIXth century, the deepening of the monetary and trade crisis being combined with the burst of the external debt crisis.

2 From debt to the protectorate

The role of debt in the establishment of the French protectorate is already well-known. Every history of Morocco's colonization mentions the 1904 loan as a first step towards the protectorate. None however attempted to compute Morocco's indebtedness and to fully understand as such the debt crisis which deprived Morocco of its sovereignty. Economic history is indeed often relegated to the background of a political and military history.

2.1 The roots of the 1904 loan

The 1904 loan is a major historical breakdown in Morocco's contemporaneous history and the most significant step towards the establishment of the French protectorate. It definitely deprived Morocco of its economic sovereignty through the takeover of its state revenues and the establishment for 50 years of a French administration. The 1904 loan is thus the loan which was the necessary condition to all the following.

2.1.1 In the long term: The Moroccan Sultanian State

The organization of the Moroccan State needs to be detailed first to understand Moroccan indebtedness. In the XIXth century, the traditional financial organization of the country is being suddenly confronted with Europe, breaking the fragile public finance balance. Debt indeed mechanically came from the accumulated deficits resulting from lasting imbalances between spendings and receipts. Studying the State structure of Morocco enables to understand why receipts were so low while spendings were so high.

The State budget in the early XXth is mainly funded by traditional direct taxes and more recent indirect taxes. Direct taxation is religious and includes three different taxes. First of all, *zakat* is a religious obligation - one of the five pillars of Islam - which is based on income. *Achour* is another tax based more specifically on agricultural incomes. The last one is a 2.5% wealth tax. Direct taxation also includes gifts to the Sultan in its capacity as religious leader. They can be considered as taxes since they became mandatory. Indirect taxes includes taxes on tobacco and cannabis (kif) monopolies ; taxes perceived at the entrance of every cities for each camel load ; taxes on market products (5% on each products paid by the buyer and the seller) and customs (10% *ad valorem* for imports, specific rates for exports).

Despite, these numerous taxes, the Maghzen's tax receipts were very low. At the local level, quids kept collecting taxes even though a central financial administration had been established. Quids thus do not transfer all the taxes they perceive. This mechanism is anchored in the political system. Most of the quids actually bought their position and see nothing wrong with recovering their costs. Even indirect taxation suffered from corruption: tax receipts from monopolies and customs are reduced because of corruption. The civil servants who are in charge of collecting duties keep for themselves a significant amount of them³⁰. The Maghzen's sovereignty also suffered from the *Beld Siba* who is reluctant to its authority. This opposition between the

³⁰Following MIÈGE, J. L. (1963), t. IV, p.133 : "L'emploi d'amin de la douane est très recherché, car il est de notoriété publique que le titulaire fait fortune en deux ans"

Bled Maghzen and the *Bled Siba* is structural in Morocco: while the first relates to the central government who attempts to unify the country, the latter refers to tribes who fight for their independence. The *Bled Siba* thus both generated costs (military expeditions) and reduced the tax base. If despite these low receipts, the *Maghzen* did not face financial difficulties for a time, it is because its spendings were low as well. Most of public services were actually not handled by the central government, but by the *habous*. The *habous* is a legal act from the islamic *shari'a* through which the state or private individuals can donate movables or real estate to charities. It has been massively used in the islamic world until the end of the Ottoman Empire: in Tunisia in 1883 for example, the *habous* properties represented a third of agricultural lands³¹ and were providing schools, religious building and social assistance. Since Morocco have never been part of the Ottoman empire, the importance of *habous* properties started to decline in the XVIth century, and became more and more privately used³². If the *habous* properties still existed at the end of the XIXth century, they were surely much less important than in Egypt or Tunisia. This fragile equilibrium of the public finances has thus been broken by European penetration.

The administrative and fiscal context in Morocco must be understood in the light of the political economy of the country. Several theories attempted to describe and theorize the nature of the political power in Morocco. The authoritarianism and the feudalism that characterized the exercise of power in Morocco indeed explains ultimately the weakness of the Moroccan political structure against Europeans. The classical model in political science refers to the theoretical framework provided by Ibn Khaldun (Léca and Schemel, 1983). This model is based on *assabiya*, *i.e.* on tribal solidarity: the political power at the head of the State is exercised by a tribe who conquered it. This group then monopolizes the government structures and remain distinct from the city, until it is overthrown by a more powerful tribe. Other theories aimed to describe more specifically the political context of Morocco before the protectorate (Laroui, 1981). Laroui considers the Moroccan State as a "Sultanian State" ("Etat Sultanien", *Dawlat as saltana*). The State is entirely in the service of the Sultan: the army is its armed wing, and taxes should be understood as fines rather than contributions. The words of Jacques Berque quoted by Ben Mlih (1990) sums up the contradictions of this coercive political power: "*Un pouvoir absolu dans son principe mais limité dans ses moyens voire impuissant*"³³.

The opposition between the *Maghzen* and the *Bled Siba* must not however be exaggerated. As underlined by Ben Mlih (1990), this opposition was especially used by European to describe the political context of Morocco. Actually, the situation is not as dichotomous as it might appear. The *siba* is only the most visible manifestation of the general crisis faced by the Moroccan society in the XIXth century. If the *Maghzen* indeed relied partly on fiscal extortion, it played as well the role of arbiter within Moroccan politics. The limitation of its financial resources led the *Maghzen* to exercise its power not always through violence but also through compromises. The *Maghzen* and the *siba* therefore were not radically opposed. Actually, one of the characteristic of the *Maghzen* is to recognize a space of dissidence. The opposition of the *bled siba* must not be understood as a failure of the central government but as a core part of Moroccan politics. It

³¹KHALFOUNE, T. (2005). "Le Habous, le domaine public et le trust". In: *Revue internationale de droit comparé*. Vol. 57, 2005. pp. 441-470, p.466

³²*Ibid*, p.462.

³³BEN MLIH, A. (1990). *Structures politiques du Maroc colonial*, Editions L'Harmattan, p.117

guarantee the regeneration of the system by organizing the circulation of the elites³⁴

Even during the reign of Moulay Hassan (1873-1894), when its authority was well-established, parts of the countries were still rebelling against him. When he died, a succession crisis weakened the country. Since the new Sultan, Abdelaziz, was too young to rule, a regent, Ba Ahmed was the head of the State between 1894 and 1900. Uprisings broke out in various parts of the country, generating military costs and diminishing tax receipts. These political vulnerabilities, easily transformed into a financial crisis, become dangerous when combined to an economic crisis.

2.1.2 In the medium term: The worsening of the economic crisis

The economic crisis faced by Morocco at the turn of the century is a continuation of the trend analysed above (Section 1.3.3.). The Moroccan trade balance deficit was already large. Indeed, the country suffered from new starvation between 1896 and 1897, hampering exports and boosting imports of primary goods. The progressive European trade penetration and the increasing diffusion of European goods in Morocco explain why trade balance deficit was two times larger between 1893-1897 than during the very serious crisis of 1878-1884³⁵. If the situation slightly improved at the very end of the century, a European crisis in 1900-1902 led to a drop in prices. Wool prices for example fell steeply in Europe (also because of massive arrivals of Australian wool) which have been passed on to Morocco. In Larache, wool prices dropped by 30% in two years³⁶. Exports thus collapsed while imports increased once again (FIGURE 10 and FIGURE 11). Some evidence nonetheless suggest that the standard of living of Moroccans was improving, partly because taxes are no longer paid to the sultan and because the Maghzen transferred huge amounts of money to buy tribes' loyalty. As a consequence, European goods were more and more bought. In three years, between 1900 and 1902, imports of cotton cloth and sugar increased by 40% while those of tea more than doubled according to German consular reports³⁷. This evolution is also documented by travel reports³⁸.

This trade deficit generated a considerable amount of cash exports, even though they are not perfectly equal in the balance of payment: Moroccan assets abroad have also been sold, as well as properties in Morocco.

The monetary crisis due to cash exports made necessary the import of large quantities of coins minted in Europe. The coins minted by Moulay Hassan and Ba Ahmed indeed completely disappeared. The Maghzen relied on inflation and the seigniorage income to mitigate its financial difficulties. In February 1902, the Maghzen thus decided to strike 300,000 kg of silver in three European countries, whereas at the beginning only 40,000 were envisaged. The situation actually became disastrous: the new coins depreciated heavily even though not all the coins have been stroke. The money is less and less accepted. Europeans considered it with suspicion, and even Moroccan merchants lost confidence in it. What must be noted is that these coinage worked as

³⁴TOZY, M. (1999). *Monarchie et islam politique au Maroc*. Les Presses de Sciences Po.

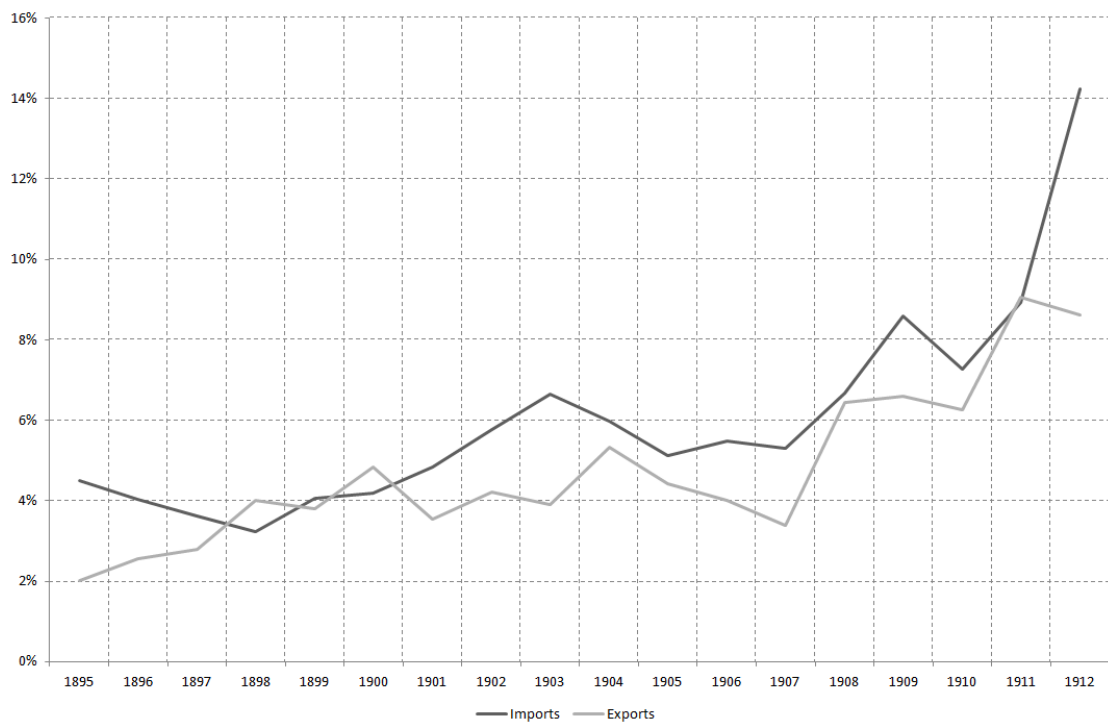
³⁵GUILLEN, P. (1973). *Les Emprunts marocains, 1902-1904*. (Vol. 1). Editions Richelieu, p.6.

³⁶*Ibid*, p.13.

³⁷*Ibid*, p.14.

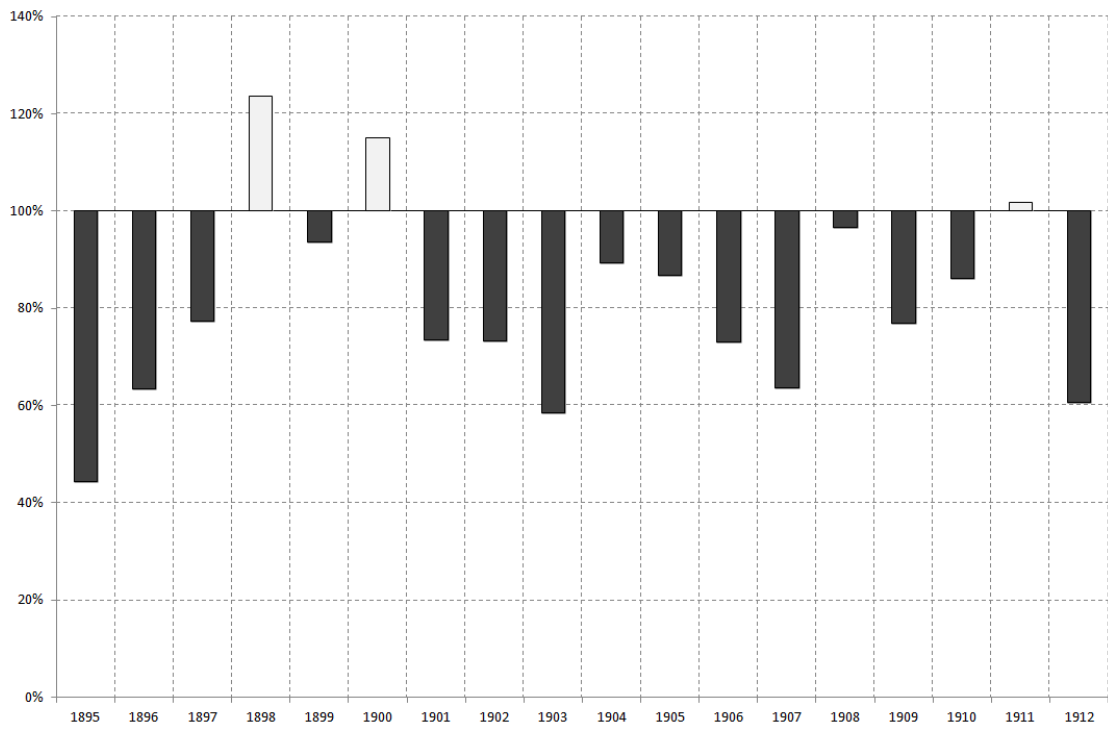
³⁸"Il en est résulté dans le pays un bien-être et une activité commerciale qui ne se sont pas vus depuis longtemps. Cet état fiscal, joint aux bonnes récoltes, explique la puissance d'achat de la population. A aucun moment les importations au Maroc n'ont été plus florissantes que pendant les derniers embarras du Maghzen" DOUTTÉ, who traveled around Marrakech in 1902, quoted by GUILLEN p.14

FIGURE 10:
Foreign trade as a share of GDP between 1895 and 1912



Sources. Between 1889 and 1903, trade data are extracted from GUILLEN, P. (1973), p. 6. Between 1904 and 1912, they were taken from Crédit Lyonnais, DEEF 31744 - Commerce général, voie maritime et terrestre, zone française. GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

FIGURE 11:
Foreign trade coverage ratio of Morocco between 1895 and 1912



Source: Between 1889 and 1903, trade data were extracted in GUILLEN, P. (1973), p. 6. Between 1904 and 1912, they were taken from Crédit Lyonnais, DEEF 31744 - Commerce général, voie maritime et terrestre, zone française.

TABLE 3:
Annual exchange rate of Pesetas and Pesetas Hassani
For 100 francs

	Pesetas	Pesetas Hassani
1897	129,60	-
1898	154,15	-
1899	124.59	-
1900	129.55	-
1901	138.32	-
1902	135.77	-
1903	135.14	-
1904	137.73	153.85
1905	130.89	168.57
1906	112.89	161.95
1907	111.53	157.00
1908	113.01	156.03
1909	110.10	151.60
1910	107.14	119.89
1911	108.37	139.23
1912	106.60	119.89

Sources. The exchange rate between the Spanish pesetas and the french franc is extracted between 1897 and 1899 from Crédit Lyonnais, DEEF734741 - Appréciation de la garantie de l'emprunt 1904. Between 1900 and 1912 it was extracted from MARTINEZ MÉNDEZ, P. (1990). *Nuevos datos sobre la evolucion de la peseta entre 1900 y 1936, informacion complementaria*. Servicio de estudios, Documento de Trabajo n° 9011, Banco de España, p.12. The exchange rate between the pesetas hassani and the french francs is taken from BNP Paribas PTC/107/11 - Rapport au comité du syndicat de gestion de l'emprunt marocain 5% sur l'exercice 1921

disguised loans: the Sultan had to pay heavy fees to the Europeans companies who stroke coins. As a result, this coinage only worsened the monetary crisis.

The extent of the depreciation of the Moroccan money is not precisely known before 1904 (TABLE 3). The consular reports asserted that the value of the money was subject to important variations and that there were no official change³⁹. The depreciation of the Spanish pesetas is however useful to understand part of the monetary crisis since the Spanish money was more and more used, even by the central government, because everybody lost confidence in the Moroccan pesetas. Even the money the Moroccan government used as a substitute was depreciating on world markets. After 1904, the exchange rate of pesetas hassani is known (because of the debt servicing) and is actually depreciating until 1907, when the State Bank of Morocco was created.

Combined with the trade and the monetary crisis, the public finance crisis finally put the Maghzen in a hopeless situation. When Ba Ahmed died in 1900, it is the young and inexperienced Abdelaziz (aged 22 years old) who arrived at the head of the state. In the opposition between the conservatives and the reformists, he sided with the latter, led by the influential and obscure ministry of War, Mehdi el Menebhi. Many Europeans also stayed around Abdelaziz⁴⁰ and encouraged its rather childish taste for European technologies⁴¹. Between 1900 and 1903,

³⁹Crédit Lyonnais, DEEF 73096-2

⁴⁰VEYRE, G. (1905). *Au Maroc: dans l'intimité du Sultan*.

⁴¹" *Une préoccupation à la cour marocaine primait toutes les autres : coûte que coûte amuser le sultan. Ce but dominait, résumait toutes la politique de l'omnipotent ministre de la Guerre, Si Mehdi el Menebhi, qui avait*

Abdelaziz spent 30 millions francs⁴² in whims: railways in his palace's gardens, cars, solid-gold cameras. He also adopted a European lifestyle by dressing in European suits, driving cars, organizing parties and launching fireworks.

This behaviour fuelled his unpopularity. Religious authorities accused him of being impious: he was therefore not suited any more to be a religious leader. The religious function of the sultan is however the very foundation of its power: Abd el Aziz lost any legitimacy to rule the country. The whole Maghzen ended discredited, and uprisings became widespread. In 1901, the pacha of Sefrou had dissented and the tribes around Meknes rebelled, forcing the Sultan to leave the city and to go to Fez. Many within the maghzen thought about impeaching the sultan and proclaiming his brother - Moulay Mouhammad - who is deemed pious and attached to traditions. An adventurer called Bou Hamara used precisely its resemblance with him to be proclaimed sultan by Riata tribes. He conquered Taza in the North East, quickly ruled the whole eastern part of Morocco and declared war against Abd el Aziz, the impious Sultan.

In these conditions, collecting taxes was nearly impossible. The sultan is caught in a vicious circle: without money, it is impossible to raise an army, but without an army it is impossible to collect taxes. In order to help Abd el Aziz, the Foreign Office sent to him sir Arthur Nicolson who was supposed to help him improving the financial situation. Under his advices, the Maghzen replaced the former religious taxes by a new one - the tertib. Everybody had to pay this new tax, Europeans and Moroccans, which is based on cultivated areas, the number of fruit trees, and the importance of livestock. This tax was supposed to be collected by new civil servants appointed and paid by the Maghzen, instead of the qaid who lost all their financial powers. This reform - if it aimed in theory to remedy many identified public finance issues - was a complete failure. Everyone in Morocco opposed it. Religious authorities complained about the removal of the former religious taxes - which was considered as another sign of impiety. Moreover, while only the wealthiest paid the former religious taxes, everyone had henceforth to pay the tertib. The qaids used then the discontent of the poorest to oppose the Maghzen. As a consequence, even the most compliant tribes refused to pay the tertib. Meanwhile, the Europeans found a way to avoid to pay the tertib: since the 1880 Madrid conference, all European countries have to agree before collecting taxes. The French agreed only two years after the reform, in 1903, preventing then Morocco to benefit from immediate revenues.

The Maghzen was then left with almost no revenues. In 1902, it is constrained to liquidate its warships. Borrowing from a European bank was the only solution to quickly find money to fight against Bou Hamara's rebellion which threatened the very existence of the Maghzen.

2.1.3 In the short term: The alliance between the Quai d'Orsay and French bankers

Borrowing from a European country is more complicated than one might think. First, in each country it involves a diversity of actors which must have common interests. In France for example, the three main actors are the ministry of Foreign Affairs, the *Banque de Paris et des Pays-Bas*, and the industrialist *Schneider*. Then, rivalries between countries ultimately govern the decision of issuing a loan: disrupting too early the fragile balance could trigger a European

pris sur Abd el Aziz le plus complet ascendant et qui était alors à l'apogée de son étonnante fortune"

⁴²Which is equivalent to three years of customs revenues.

war.

The project of a European loan was not new in the early XXth century. I have already mentioned a project in 1884 during Moulay Hassan's rule. In 1893, because of the Spanish war compensation, a European loan was once again envisaged. The Quai d'Orsay wanted to avoid at any cost a British loan in Morocco and urged French banks to offer their financial services. The *Crédit Lyonnais*, the *Comptoir d'escompte* and the *Banque de Paris et des Pays-Bas* were sought, but finally the Maghzen managed again to avoid a European loan. Until the very end of 1901, The diplomatic circles in Europe were not ready to propose new loan projects to Morocco. Germany was afraid of bringing together France and England against itself if it supported the projects submitted by German banks. Even though Abd el Aziz asked sir Arthus Nicolson to borrow money from England, London was not ready to "open the Moroccan question" when its army was involved in South Africa (the second Boer war took place between 1899 and 1902). In France, although banks believed the situation is promising since Ba Ahmed's death, the French ministry of Foreign Affairs Théophile Delcassé remained cautious until the end of 1901. The growing British influence within the Maghzen and the reform projects carried out by London convinced him to act.

Following the doctrine of "*pénétration pacifique*", Delcassé believed that the financial weapon is the most efficient one. In 1902, he then had to choose between different proposals. The Quai d'Orsay was suspicious about the *Banque de Paris et des Pays-Bas* - which incarnates the international finance - and supported the *Société Gausch*, which was part of the *Schneider* group. The 1902 French loan which amounted to 7,500,000 francs was then lent by the *Société Gausch*. Actually, it did not have the necessary funds and remained only as an intermediary (the *Banque de Paris et des Pays-Bas* finally provided the funds). After this first loan, the Quai d'Orsay hoped France would remain Morocco's only creditor. French finance was however reluctant to reiterate the 1902 loan⁴³ while Moroccan public finances crisis continued. As a consequence, Morocco borrowed from England and Spain. The two loans amounted to 7,500,000 francs and were lent by the banks *Cassel* and *Stern* in the British case ; and a banking consortium in the Spanish case. Once again, these loans did not solved Morocco's issues, since they were mainly designed to reimburse previous debts. Indeed, the Maghzen was hardly able to pay service its debt in 1903.

The agreement between the Quai d'Orsay and the French finance was reached only during the summer 1903⁴⁴. They agreed that the next loan should be a consolidation loan which will reimburse all previous Moroccan debts. In November 1903, the main points of the 1904 loan are decided: bonds would be issued publicly on Parisian markets and the loan would be secured by customs revenue. The French government definitely sided with the *Banque de Paris et des Pays-Bas* and abandoned the *Société Gausch*. Some disagreements however remained. In particular,

⁴³The *Banque de Paris et des Pays-Bas* wanted a larger loan, with the issuance of bonds and secured by customs revenues. Delcassé opposed these conditions since it would have had significant political consequences at a time when England was still an important rival in Morocco.

⁴⁴Saint-René Taillandier, France's Envoy Extraordinary in Morocco wrote "*Les vues de la banque concordent avec celles du gouvernement, en considérant l'emprunt non comme une fin en soi, mais comme la base d'un vaste programme d'expansion économique dont le succès suppose l'affermissement du pouvoir du Sultan. Nos financiers doivent donc procéder par les mêmes méthodes que nous et à l'abri des mêmes fictions.*" quoted by GUILLEN p.109.

the *Banque de Paris et des Pays-Bas* wanted to wait for a diplomatic alliance between France and England in order to be sure it would not have to fear any more the competition with British banks, with whom it had strong links. On the contrary, Delcassé would have liked to sign the loan contract before the Entente cordiale, otherwise he would lose any means of pressure on the French finance. The agreement between France and the United Kingdom is finally signed on 8 April 1904, before the 1904 loan, signed on 12 June 1904.

Abdelaziz was well aware of the political risks this loan could generate for his country. He indeed signed the loan under the pressure of its ministries (*vizirs*), even though they were fiercely opposed to any loan in the past. Indeed, in the meanwhile a tribal chief called Raissuli conquered a territory close to Tangier and was kidnapping and killing Europeans. According to the Sultan's vizirs, it was better to borrow from the French to fight against Raissuli rather than taking the risk of a European military invasion. It must be however said that several vizirs were actually bought by the *Banque de Paris et des Pays-Bas*: they shared 2,000,000 francs, the ministry of Finance Mohammed Tazi received on its own 500,000 francs⁴⁵.

2.2 The vicious circle of indebtedness between 1904 and 1912

2.2.1 The 1904 loan

The 1904 loan is the loan both diplomats and bankers were looking for. The French predominance in Morocco is definitely rooted, such as the economic importance of the banking consortium which organized the loan.

The loan contract is signed on 12 June 1904 by the Moroccan ministry of Foreign Affairs Si Abdelkrim Ben Slimane, the Moroccan ministry of Finance Si Mohammed Ben Abdelkrim Tazi, and Mr Zangarussiano who represented the *Banque de Paris et des Pays-Bas*. The nominal capital amounted to 62,500,000 francs, divided in 125,000 bonds (500 francs each), on which applied a 5% annual interest rate. The capital was shared unequally by members of the banking consortium (TABLE 4)

The main feature of the loan is that it was secured on customs revenues as the 1861 British loan. In case they are not sufficient to provide the debt servicing, the consortium is entitled to be reimbursed thanks to any other government receipts. The debt servicing computed in the contracted amounts to 3,850,000 every year, whereas the customs revenues total on average 8,000,000 francs between 1900 and 1903. Concretely, the customs revenues are collected on a daily basis. The *Représentant des porteurs de titres* - or its representative in each port - collects every day 60% of the customs revenues. When the necessary sum to reimburse a six-months instalment is collected, the collection stops until the next one begins. The amortization started on 1 July 1906 and should have ended on 1 July 1941 (it will actually be fully reimbursed in 1929). The bonds are bought initially at 462,50 francs even though their price quickly increased. They are reimbursed by drawings every July and November.

Although the 1904 loan was far larger than the 1902 and 1903 loans, it did not improve Morocco's financial situation. If the nominal capital amounted to 62,500,000 francs, the effective capital perceived by the Maghzen totalled 48,000,000 francs. Banks indeed kept 12,500,000 franc

⁴⁵GUILLEN, P. (1973). *Les Emprunts marocains, 1902-1904*. (Vol. 1). Editions Richelieu. p.146

TABLE 4:
Participations to the 1904 loan

<i>Banque de Paris et des Pays-Bas</i>	12.80%
<i>Comptoir National d'Escompte de Paris</i>	12.80%
<i>Société Générale</i>	12.80%
<i>Société Marseillaise</i>	14.10%
<i>Crédit Industriel et Commercial</i>	6.40%
<i>Imperial Ottoman Bank</i>	5.10%
<i>Banque Française pour le Commerce et l'Industrie</i>	9.60%
<i>Crédit algérien</i>	6.40%
<i>J. Allard et Cie</i>	9.60%
<i>Banque de l'Indochine</i>	6.40%
<i>Banque de l'Union Parisienne</i>	4.00%

Source. BNP Paribas - 6CABET/1/74

to cover issuance fees. 22,500,000 out of these 48,000,000 were used to reimburse the three previous loans issued in 1902 and 1903. 15,500,000 were used to reimburse other smaller debts, in particular coinage fees. The Maghzen therefore directly perceived only 10,500,000 francs *i.e.* less than 20% of the amount it had to reimburse (and could receive it only on the 15 October while interest were paid since 1 July). Before the end of the year, the 12 millions were almost entirely spent and the Sultan must already look for another loan.

On the contrary, banks made significant profits, even though they may have been much lower than what have been estimated before. Jean Jaurès, in his speech given on 24 March 1911, considered that banks charged 12,5 millions for the loan (the difference between the nominal capital and the effective capital by the Maghzen). Pierre Guillen⁴⁶ computed that on each bond benefits amounted to 116 francs⁴⁷. Since bonds were actually sold on Paris stock markets at a higher price (529 francs), profits amounted to approximately 140 francs per bonds and 17 millions francs overall. According to the *Banque de Paris et des Pays-Bas*, bonds were sold to the public at 462.50 francs while the nominal capital amounted to 500 francs and while Morocco perceived 80% of the nominal capital *i.e.* 400 francs per bond⁴⁸. According to the bank, the difference between the bond price (462,50 francs) and the nominal capital (500 francs), represents the profit made by the public. Among the 62.50 francs left per bond for the banks, fees due to stamps, placement committees, advertisement and production reduces the profits to 37.50 francs per bonds. To sum up, if bonds were actually sold to the public at 462,50, the net profits made by the banks indeed amounted to 37.50 francs per bonds *i.e.* 4,687,500 overall. If - as Pierre Guillen suggested⁴⁹ - bankers speculated and bought most of the bounds to sell them at a higher

⁴⁶ GUILLEN, P. (1973). *Les Emprunts marocains, 1902-1904*. (Vol. 1). Editions Richelieu. p.150

⁴⁷ He computed first the nominal capital per bond ($62,500,000/48,000,000 = 500/384$).

⁴⁸ BNP Paribas, PTC/112/46

⁴⁹ *Ibid* p.150 "L'on se précipite aux guichets des banques pour souscrire au taux officiel de 462,50 francs, mais les banques répondent qu'elles n'ont plus de titre. Les candidats souscripteurs doivent donc se tourner vers la Bourse, où les obligations viennent d'être inscrites à la cote officielle au cours de 488,50 francs; sans plus de succès, car à la suite des transactions effectuées auparavant dans la coulisse, toutes les obligations sont détenues par les banques et leurs intermédiaires. L'afflux de demande provoque une vive hausse, le cours de l'obligation dépasse le pair, atteint 529 francs courant août. Les financiers vendent alors progressivement les titres qu'ils ont accaparés.

prices on stock markets, the net profits by the banks amounted to 78 francs per bonds *i.e.* to 9,750,000. The net profits made by the banks were then probably not as sizeable as the difference between the nominal and effective capital would suggest. The greatest part of the profits made could actually come from speculation on bond issuance in Paris. The most significant financial benefits were however the privileges earned by the consortium. First, the consortium is the only one to have the right to issue a loan for Morocco in the future. Then, Morocco is committed to grant the foundation of the State Bank of Morocco to the same consortium. If immediate profits struck contemporaries, a historical perspective must underline the long term consequences and benefits earned from this loan (see Section 5).

The 1904 loan was also a great success for France. First of all, as a consolidation loan it enabled the reimbursement of previous Moroccan loans and debt - in particular the British and Spanish ones: France was henceforth the only creditor of Morocco. The French dominance is then definitely achieved. The debt servicing was an opportunity to establish a French administration to collect customs revenues (see Section 3). Moreover, everybody was well aware that the 1904 loan would be far from sufficient to solve Moroccan public finances crisis. The loan was indeed small enough for not solving these issues, and large enough to be secured by customs revenues. The ultimate goal of the 1904 loan is indeed to lead to an even larger loan, which would be secured by the entire government revenues, would imply public work concessions and an administrative reorganization - in other words a protectorate.

2.2.2 The debt burden between 1902 - 1912

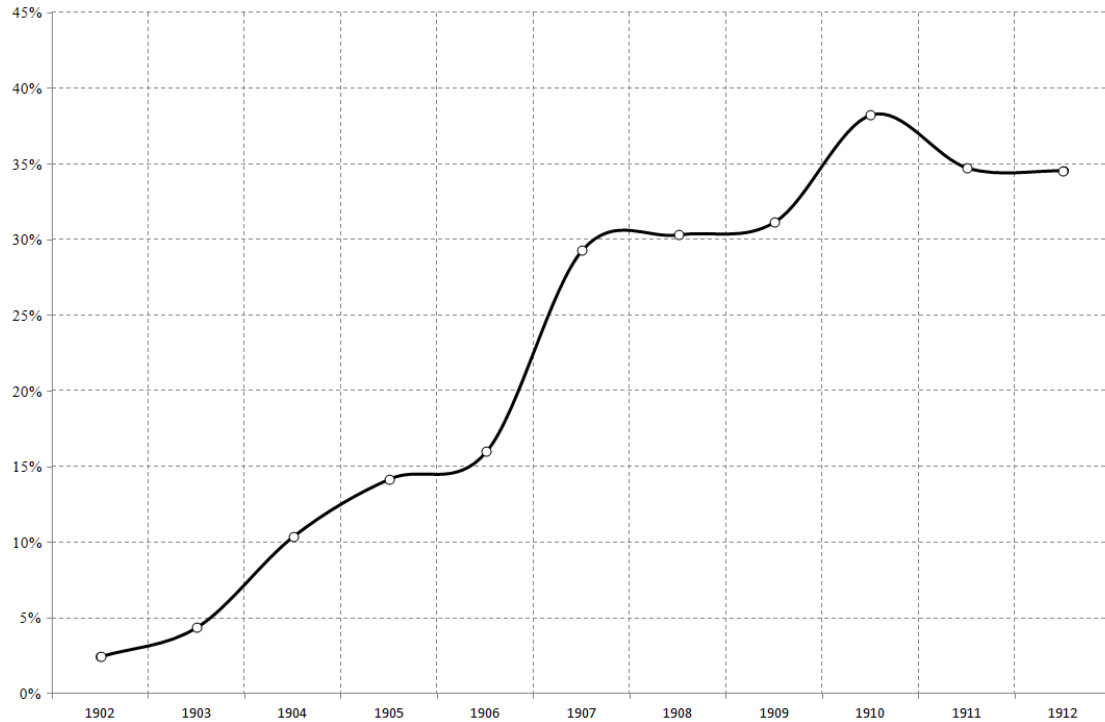
Eight years elapsed between the 1904 loan and the establishment of the French protectorate in 1912. This period would have surely been shorter without German interventions in 1905 and 1911 which delayed the French political domination rather than really threatening it. These 8 years are for us an opportunity to study a public debt crisis without a direct political domination. Indeed, the French predominance in Morocco had a practical consequence: the French collected data on custom revenues, loans and debt, which were not regularly and easily available before the French penetration.

The most common way to analyse public debt is to compute it as a Debt/GDP ratio (FIGURE 12). This evolution may be surprising knowing the seriousness of the situation at that time. Three main reasons can explain these low levels.

First of all, a simple explanation can be found in the scarcity of data available. Since no GDP was computed before 1950, I had to provide broad estimates assuming constant GDP growth while it is probably unlikely. Growth was probably faster during the 1910s and slower between 1890-1910 due to the political turmoil. GDP was then probably lower than what I assumed. The debt data are also likely to be underestimated. I found data only for the larger loans but the Maghzen probably borrowed smaller loans which were imperfectly recorded. In the end, the ratio is surely underestimated but the order of magnitude is probably accurate: the debt/GDP ratio in 1902-1903 should not be higher than 5-10%.

The second explanation relies on the definition of debt. As underlined above, I computed only external debt. This ratio reveals more the progressive European control of Moroccan public finances rather the concrete indebtedness of the Maghzen. Beyond the two main loans in 1904 and

FIGURE 12:
External Debt/GDP in Morocco between 1902 and 1912



Source. Debt figures result from the aggregation of various sources including BNP Paribas 6CABET/1/74, PTC/112/49, Crédit Lyonnais DEEF 734741, ALLAIN, J.-C. (1976), and NATAF, F. (1929). *Le Crédit et la Banque au Maroc*, p.62-72. GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

1910, Europeans⁵⁰ indeed lent smaller amounts between 1904 and 1910. The French and Spanish war compensations also significantly burden the Maghzen's debt, as it amounted to 76,000,000 francs in 1907 which was equivalent to approximately 12% of the GDP (70,000,000 for France, 6,000,000 for Spain). The Maghzen even had to pay in 1910 indemnities to families hurt by the events in 1907 (13,000,000 francs). However it is reasonable to think that the Sultan borrowed mostly from Europeans and that internal debt was actually negligible. First, financial resources were scarce in the country since savings were low. Secondly, interest rates are prohibited by the Islamic law: borrowing and lending were simply not part of the usual economic life. The usual way for the Sultan to collect money were only taxes and collective fines.

The third interpretation refers to the issues faced by the Moroccan state at that time. The GDP estimates used are relevant for a Moroccan territory whose area is the one during the protectorate. The rationale of a debt/GDP estimate is indeed that an indebted government can rely on the wealth produced on a territory on which it is sovereign. The Moroccan debt crisis broke out in a context where the Maghzen's sovereignty was heavily challenged. The true political sovereignty was exercised over a territory which was constantly shrinking either because of rebellions or because of the French military conquest. Oujda was indeed occupied as soon as 1907.

⁵⁰The French were not the only one to lend money to Morocco. Germans lent 12,500,000 francs in 1905 (Paribas)

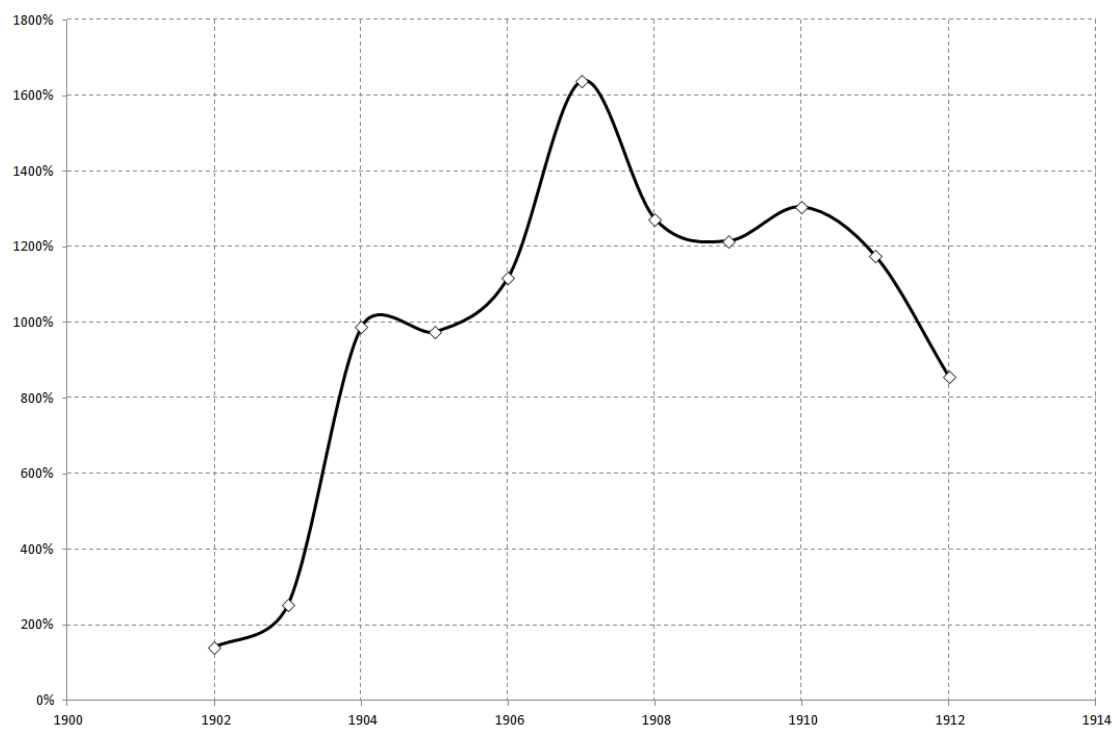
The indebted government could simply not access to the wealth produced by its country. Morocco as a nation was therefore not enormously indebted, but the debt burden for the Maghzen was already unbearable. The external debt/state revenues and debt servicing/state revenues ratios enable an understanding of the debt burden faced by the Moroccan government (FIGURE 13 and FIGURE 14). Almost all the Maghzen's revenues were absorbed by debt servicing while the debt burden represented several years of receipts. The Moroccan debt crisis leading to the 1904 loan was then mostly a government failure. Following the points underlined Section 2.1.1. one of the most serious Moroccan weaknesses was then probably a too weak and too small government which could not resist to Europe's pressure. The size of the government in the 1900s - expressed as a state revenues/GDP ratio - documents this interpretation (FIGURE 15). State revenues hence represented between 2% and 3% of the GDP at that time, and increased only because the custom collection improved over the decade. This ratio is however the result of a period of major crises where taxes were almost not collected - apart from customs - and is not representative of long-term trend. One can suppose that this ratio was probably higher during the reign of Moulay Hassan when taxes were more regularly collected. In 1860 for example, the sum paid by the Maghzen to Spain totalled almost 8.7% of the GDP at that time. In any case, the indebtedness leading to the protectorate was unbearable for the Maghzen, probably not for the country as a whole. A last ratio - debt servicing/GDP - testifies that the debt servicing was not excessive from the country's perspective (FIGURE 16). A comparison with the same ratio over the period 1913-1956 (Section 4) shows that it was indeed particularly low, and that the country produced the necessary wealth to lessen the Maghzen's indebtedness. Moreover, as a consolidation loan, the 1904 decreased significantly the debt servicing which was particularly heavy after the three loans in 1902-1903.

The Moroccan case may be understood in the light of the history of the Ottoman empire. Even though Ottomans faced serious debt issues (Section 1), the empire still preserved a formal political independence. One explanation may rely on the weight of the Ottoman state compared to the Moroccan state. Unlike the khaldunian model based on tribal solidarity, the Ottoman model is based on a patrimonial state⁵¹. The Ottoman patrimonial state created its own army and a powerful bureaucracy. It was also the center of the economic organization with an important administrative structure. The Ottoman empire was closely supervising the national production and could therefore easily tax it. A stronger state with a more direct grip on the wealth its population produced had probably a stronger resilience to the European colonisation.

The growing debt burden between 1904 and 1910 was a never-ending crisis for the Maghzen. As shown by FIGURE 13 and FIGURE 14, any additional spending may led to its bankruptcy. Between 1904 and 1907, it had to borrow small amounts from private merchants, other European banks and asked treasury advances from the State Bank created in 1907. The massive debt increase in 1907 was due to a substantive war compensation claimed by France (See Section 2.2.3.). Whereas a larger loan implying public work concession was envisaged right after the 1904 loan, another consolidation loan was needed to stabilise the financial situation.

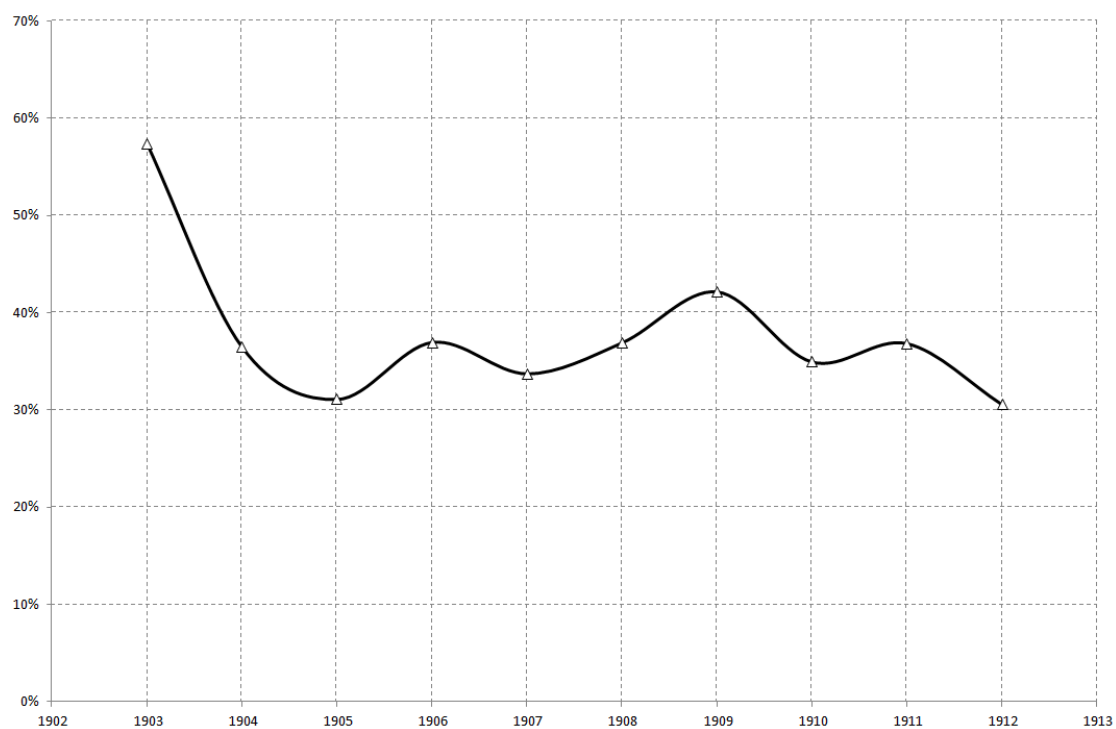
⁵¹LECA, J., & SCHEMEIL, Y. (1983). "Clientélisme et patrimonialisme dans le monde arabe". *International Political Science Review*, 4(4), 455-494.

FIGURE 13:
External Debt/State revenues in Morocco between 1902 and 1912



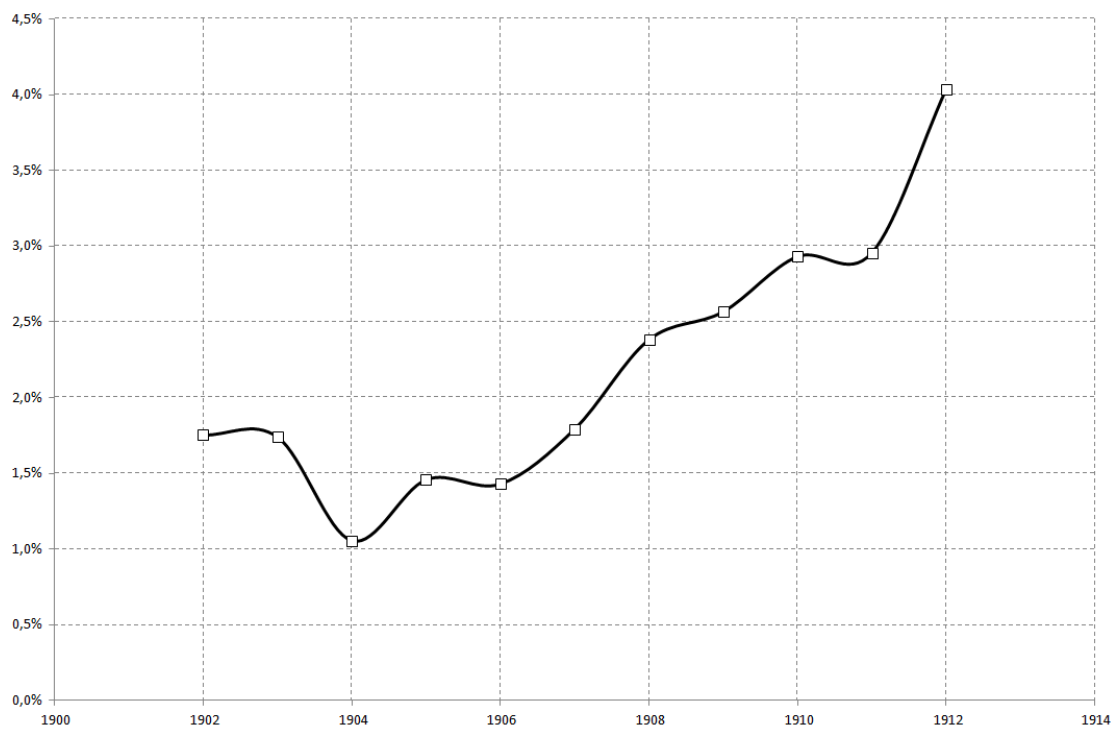
Source: Source. Debt figures result from the aggregation of various sources including BNP Paribas 6CABET/1/74, PTC/112/49, Crédit Lyonnais DEEF 734741, ALLAIN, J.-C. (1976), and NATAF, F. (1929). State revenues are derived from BNP Paribas PTC/107/11 for the customs receipts and Crédit Lyonnais DEEF73474/1 for other indirect receipts.

FIGURE 14:
Debt servicing/State revenues in Morocco between 1903 and 1912



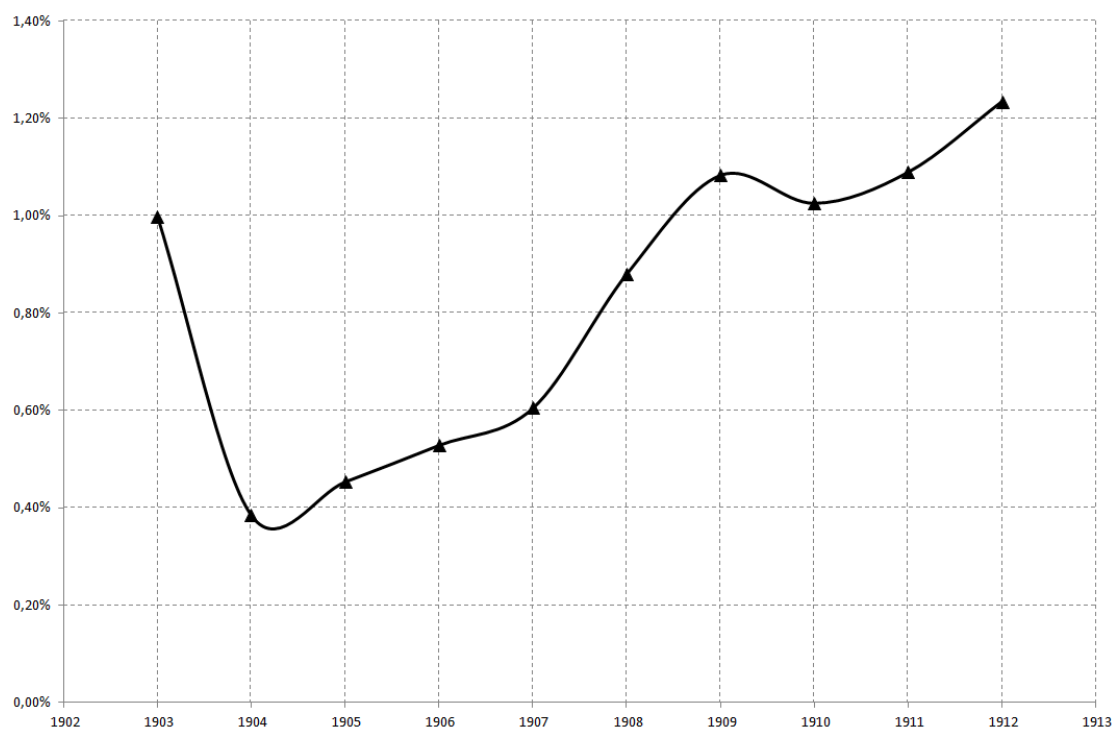
Source. Debt servicing includes almost exclusively the service of the 1904 loan (BNP Paribas PTC/107/11) and of the 1910 loan (BNP Paribas PTC/112/46). State revenues are derived from BNP Paribas PTC/107/11 for the customs receipts and Crédit Lyonnais DEEF73474/1 for other indirect receipts.

FIGURE 15:
State revenues/GDP in Morocco between 1902 and 1912



Source. State revenues are derived from BNP Paribas PTC/107/11 for the customs receipts and Crédit Lyonnais DEEF73474/1 for other indirect receipts. GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

FIGURE 16:
Debt servicing/GDP in Morocco between 1903 and 1912



Source. Debt servicing includes almost exclusively the service of the 1904 loan (BNP Paribas PTC/107/11) and of the 1910 loan (BNP Paribas PTC/112/46). GDP estimates are derived from Amin (1966) and Maddison (2007), see Appendix.

2.2.3 The 1910 loan and the establishment of the protectorate

The 1910 loan was probably supposed to be issued earlier. In January 1905, Saint-René Taillandier was sent on mission to the Sultan's court to negotiate reform plans which should have led to a larger loan. However, the German intervention in 1905 delayed this process. Delcassé's doctrine in Morocco - in particular through the 1904 loan - consisted in keeping Germany away in Morocco, whereas the Moroccan question was internationalized since the Madrid Conference in 1880. The First Moroccan crisis in 1905 caused by Wilhelm II in Tangier is a reaction to this policy and led ultimately to the Algeciras Conference in 1906 which redefined Morocco's status. The Moroccan question was therefore completely internationalised, by established a full economic equality in Morocco between the participating countries⁵². Imports duties could not henceforth exceed 10% (to which is added a 2.5% tax *ad valorem*), preventing thus the country from stabilizing its public finances. Public services are Imports and trade of weapons are moreover prohibited. The Act of Algeciras however definitely broke the bond of trust between the Sultan and its people. Moroccan discontent manifested itself through the murder of the physician Emile Mauchamp on 19 March 1907 in Marrakech and nine European workers on 30 July 1907 in Casablanca. These incidents served the colonial army which were looking for a pretext to take military action. Lyautey occupied Oujda in March 1907 while Casablanca is bombed in August 1907. In addition, the Maghzen had to pay war compensations amounting to 76,000,000 francs, which dramatically increased the debt burden (FIGURE 12). These events should have accelerated the process leading to the 1910 loan. However the Sultan Abd el Aziz was impeached right after Casablanca's bombing and his older brother - Moulay Hafid - is proclaimed Sultan on 16 August 1907. The negotiations could therefore start on January 1909, when Moulay Hafid was recognized as the new Sultan of Morocco by the international community.

The loan contract was signed on 21 March 1910. The purpose of the 1910 loan was to be a financial settlement to achieve the consolidation of public finances. The State Bank of Morocco - founded in 1907 (see Section 3) - had actually to work with the German *Bankhaus Mendelssohn* and the Spanish *Banco de España* because of the international status of Morocco. The nominal capital amounted to 101,124,000 francs (101,124,000 pesetas or 81,910,440 reichsmarks) while the Maghzen perceived only 90,000,360 francs. 202,248 bonds were then issued in Tangier, Paris, Berlin, Frankfurt and Madrid on 7 June 1910, at a 5% interest rate. The issuance was unequally shared among the different countries (TABLE 5). The French consortium is the same as the one which issued the 1904 loan, although the shares slightly differed (TABLE 6). The French consortium however transferred 12.50% to the British Bank *Cassel* - *i.e.* 6,004,000 francs or 12,008 bonds - following an agreement between France and Great Britain.

According to Allain (1976), the profit rate in 1904 was much higher because of the market manipulation. It could not be reiterated in 1910 so the financial operation generated much less enthusiasm. The profits made were comprised between 2.9 millions and 5.7 millions which remains well below the profits estimated for the year 1904.

The loan amortization was much longer than for the 1904 : it was supposed to last 74 years starting from 1 October 1911, and could be fully reimbursed only in 1926. The annual

⁵²Austria-Hungary, Belgium, France, Germany, Italy, Morocco, Netherlands, Portugal, Russia, Spain, Sweden, United Kingdom, United States

TABLE 5:
Issuance of to the 1910 loan

	Shares	Francs	Bonds
French Group	47.50%	48,033,500	96,067
German Group	20%	20,225,000	40,450
Spanish Group	10%	10,112,500	20,225
State Bank	22.50%	22,753,000	45,506
Total	100%	101,124,000	202,243

Source. Source. BNP Paribas - PTC/112/44, Participations financières à l'emprunt 1910.

TABLE 6:
French participations to the 1910 loan

<i>Banque de Paris et des Pays-Bas</i>	11.70%
<i>Comptoir National d'Escompte de Paris</i>	11.70%
<i>Société Générale</i>	11.70%
<i>Société Marseillaise</i>	12.25%
<i>Crédit Industriel et Commercial</i>	5.25%
<i>Imperial Ottoman Bank</i>	4.65%
<i>Banque Française pour le Commerce et l'Industrie</i>	8.75%
<i>Crédit algérien</i>	5.25%
<i>J. Allard et Cie</i>	5.75 %
<i>Banque de l'Indochine</i>	5.35%
<i>Banque de l'Union Parisienne</i>	3.25%

Source. BNP Paribas - PTC/112/44, Participations financières à l'emprunt 1910.

amortization totalled to 5,200,000 and was secured by all remaining customs revenues - except 5% which will remain available for the Sultan. However this time the loan was also secured by other revenues: revenues from tobacco and cannabis monopoly, from *mostafadet* (market duties), from port duties, from state properties and from urban taxes. In other words, almost all indirect revenues - the only state revenues at that time - could be devoted to debt servicing.

The 1910 loan is thereby the apex of a decade of indebtedness. Insurrections therefore generalised as the Maghzen lost all its revenues: " *Le sultan regarde se dresser devant sa misère ses sujets qui chassent l'ordre, et l'Europe qui en exige le retour*"⁵³. At the beginning of 1911, the whole country rebelled against the Sultan, increasing once again its financial needs. A new loan was envisaged, but Morocco did not have any revenue left to secure it. In March 1911, it was abandoned. The protectorate could have been established in 1911 without the German intervention. The French political supremacy gained was however compensated by financial compromises with other European countries (Germany, Spain, Great Britain). The international nature of the 1910 loan is indeed a consequence of the Act of Algeciras which protected the economic interests of all the participating countries.

When the protectorate is established in March 1912, the picture of Moroccan indebtedness is clear (TABLE 7). A third of Moroccan indebtedness in 1912 is due to the Franco-Spanish war compensations, while the 1904 and 1910 loans combined represented almost 60% of the Moroccan debt in 1912. It must be noted that it does not mean that one third of the Moroccan debt is due to wars : the 1904 and 1910 loans financed the military expenditures spent by the Maghzen. The war compensations capture only the debt imposed by France to Morocco, just as the Spanish did in 1860.

TABLE 7:
The Moroccan debt burden in 1912

	Share among total debt
1904 Loan	21,17%
1910 Loan	37,54%
War compensations	31,99%
Other debts	9,30%
Total	100,00%

Source. Debt figures result from the aggregation of various sources including BNP Paribas 6CABET/1/74, PTC/112/49, Crédit Lyonnais DEEF 734741, ALLAIN, J.-C. (1976), and NATAF, F. (1929). *Le Crédit et la Banque au Maroc*, p.62-72.

⁵³BONNET P. (1912). *La Banque d'Etat et le problème marocain* quoted by NATAF, F. (1929). *Le Crédit et la Banque au Maroc*. Thèse pour le doctorat en droit. p.67

Conclusion of Section 2

Three main points must be recalled to conclude this section. Firstly, the roots of Morocco's external debt crisis are complex and can not be reduced to war debts. In Morocco, the Maghzen's political structure and the worsening of the economic crisis are important explanatory factors, but are part of a longer trend. The mistakes made during Abdelaziz's rule only triggered the crisis, and were critical because they were done in an already difficult situation. In France, organizing a loan was not as straightforward as Maupassant anticipated in 1885. It involved a diversity of rival actors with different interests. It is only when the *Banque de Paris et des Pays-Bas* and the Quai d'Orsay expressed convergent views that all the conditions were met to organize the 1904 loan.

Secondly, Moroccan indebtedness was not as important as we could have imagine compared to today's debt levels. In 1904, it represented only 10% of GDP and almost 40% of GDP in 1910. These ratio contrasts on the contrary with the enormous burden it actually represented for the central government : debt amounted to 10 years of state receipts in 1904 and 13 years in 1910, while between 30% and 40% of these receipts were servicing the debt. This underlines the relativity of the debt/GDP ratio: a nation whose state is relatively small cannot afford a high level of debt. The Moroccan state receipts were indeed comprised between 1% and 3% of the GDP.

Lastly, the role of the French army must be underlined. If we focus in this thesis on the role of indebtedness, the French military pressure was always present. It first directly participated to the Maghzen's financial weakening through the 1907 war compensations and the conquest and occupation of the country. It was also what prevented the successive Sultans to repudiate their debt.

The role of indebtedness in the establishment of the French protectorate in Morocco could therefore be understood as a formalization and a materialization of a French supremacy which was already rooted. It traduced in economic and financial terms a situation in which Morocco was already dominated. As it will be demonstrated in Section 3, the role of debt was also to accelerate the concrete French political domination through the establishment of new institutions.

3 The debt institutions

Debt is not only an accounting phenomenon. It also has to be managed. Long before the IMF interventions, the “money doctors” (Flandreau, 2005) – the international experts and commissions which imposed their control on the countries’ tax resources – assumed this role. Since loans were issued through public subscriptions, creditors are ultimately individuals who buy bonds and expect their investments to be profitable: they are then represented by delegates who defend their interests and ensure that countries reimburse their debts. In Egypt, for example after the European mission arrived in 1875 to reorganize Egyptian public finances, a (Caisse de la dette publique) was founded to collect tax revenues and to be an intermediary between creditors and debtors. The effect of this loss of sovereignty has been investigated by Ali Coskun Tunçer⁵⁴ on Ottoman Empire, Egypt, Greece and Serbia. He studied to which extent international financial control decreased their borrowing costs depending on their political context and their existing tax administration.

But the idea of debt institutions goes beyond debt management: public debt involves State institutions such as a central bank and a fiscal administration. In western countries, the weberian idea of state modernization through public debt is outdated because it is too theological and thinks too mechanically the rise of modern State⁵⁵. In the case of former colonies, this idea has on the contrary a promising route since the modern/western state is directly imported. Indebted countries were forced to transform their economic and administrative system to service their debt. Truong-Loï (2015) detailed how China’s indebtedness at the end of the Ming Dynasty led to tax reforms, its administrative reorganization, and a modernization of the monetary system.

The 1904 loan in Morocco and more specifically the Algéciras Act of 1906 led to the establishment of a French administration and to the creation of a State Bank. This new administration was an attempt to modernize and rationalize the custom collection to service the Moroccan debt. It was a way to “import” the western state in Morocco before the formal establishment of the protectorate. As underlined by Abdellah Ben Mlih (1990)⁵⁶, the European rhetoric stressing the importance of political and economic reforms legitimated the importation of the European state which was believed as inherently superior. If according to Ben Mlih this importation started with the protectorate in 1912, I argue that this phenomenon started ten years before because of debt. The *Contrôle de la Dette* and the State Bank of Morocco are therefore the two institutions which anticipated the French protectorate.

3.1 The debt management in Morocco

The status of the organization that managed Moroccan debt can be hard to define. Contrary to the International Financial Controls studied by Ali Coskun Tunçer, the *Contrôle de la dette* was a French organization designed to service the 1904 loan on behalf of a private consortium. It

⁵⁴TUNÇER, A. C. (2009). *International Financial Control and Sovereign Risk in the Peripheries of the Gold Standard: A Comparison of Greece and the Ottoman Empire*. Department of Economic History, LSE.

⁵⁵GRENIER, J. Y. (2006). “Introduction: dettes d’État, dette publique” in *La dette publique dans l’histoire*, Paris, Comité pour l’histoire économique et financière de la France, pp 1-19.

⁵⁶The main thesis of Ben Mlih is that the Moroccan state is an *Etat sédimental* which combines several administrative traditions - from pre-islamic Morocco to the French protectorate.

acquired an international dimension only after the Algeiras Act in 1906, but remained concretely French. This is the main ambiguity that characterized the *Contrôle de la dette*. From the French point of view, it was the administrative and political achievement of their financial penetration. They had however to underline its international and private nature to avoid stirring up European rivalries in Morocco (especially regarding Germans).

It must be noted that French were nonetheless not the first one to establish an administration to service the Moroccan debt. The Spanish and the British had civil servants in Morocco between 1860 and 1885. Since Morocco managed to fully reimburse its debt, it did not have long term consequences. The French administration established in mid-1904 gained actually its historical importance only retrospectively, because it immediately preceded - if not overlapped - the protectorate.

3.1.1 The difficult start of the *Contrôle de la dette* in 1904

The 1904 loan contract signed on 12 June 1904 established a French delegate in every port to collect custom revenues⁵⁷. These French civil servants formed the *Délégation des porteurs de titres de l'emprunt marocain 5% - 1904*. This delegation is not exempted from paradoxes: it came to collect customs in a foreign and independent country, for the benefits of a banking consortium and not a public authority. The head of the *Délégation*, Eugène Regnault – who worked previously as a *Consul Général de France* in Geneva - is appointed *Délégué des porteurs de titres de l'Emprunt marocain de 1904*. Most of his colleagues do not actually come from the Quai d'Orsay: many worked previously in Tunisian customs or banks.

This administration overlapped with the existing Moroccan custom administration. In each harbour, three *oumanas* are in charge of collecting the customs, helped by two *adouls* that have to certify the accounts. They were generally not trusted: public rumor accused them to take part of the customs collected for themselves. Concretely, the French civil servants had to monitor the *oumanas* every day and collect the 60%. Most of the time, they were reduced to powerless spectators and could not improve the collection. The *délégués* indeed received daily accounts, but could not discuss or control them. In the meantime, the *oumanas* refused to cooperate; even the personal secretary of Regnault was reluctant to work for the French. Obviously, these difficulties were hidden in case they could hamper the public subscription. Regnault declared for example to *Le Temps* that on the contrary, the *oumanas* welcomed them with enthusiasm! The debt control was thus superficial and improved only because of Gaston Guiot's initiative - who succeeded to Eugène Regnault in July 1906.

3.1.2 A façade of internationalisation in 1906

The German irruption in Morocco in 1905 and the internationalization of the country redefined the debt administration. The Algeiras Act indeed addressed the customs issue in articles 77 to 104: it aimed to create an economic equality between the signatory countries and to establish a modern and impartial administration. For this purpose, the article 97 planned to create a

⁵⁷ "délégué qui aura droit de contrôle et d'enquête pour tout ce qui concerne les affaires de la douane auprès de laquelle il sera accrédité, et auquel devra être remis journallement l'état des encaissements, à l'entrée et à la sortie, opérés par les fonctionnaires du gouvernement marocain" (Art. 16)

Comité des Douanes to monitor the customs. It also had the power to make proposals to the Maghzen to enhance its administration.

ART. 97. Un Comité permanent, dit "Comité des douanes", est institué à Tanger et nommé pour trois années. Il sera composé d'un Commissaire spécial de Sa Majesté Chérifienne, d'un membre du Corps Diplomatique ou Consulaire désigné par le Corps Diplomatique à Tanger, et d'un délégué de la Banque d'Etat. Il pourra s'adjoindre, à titre consultatif, un ou plusieurs représentants du service des Douanes. Ce Comité exercera sa haute bienveillance sur le fonctionnement des Douanes et pourra proposer à sa Majesté Chérifienne les mesures qui seraient propres à apporter des améliorations dans le service et à assurer la régularité et le contrôle des opérations et perceptions (débarquements, embarquements, transport à terre, manipulations, entrées et sorties des marchandises, magasinage, estimation, liquidation et perception des taxes). Par la création du "Comité des Douanes", il ne sera porté aucune atteinte aux droits stipulés en faveur des porteurs de titres par les articles 15 et 16 du Contrat d'emprunt du 12 juin 1904. Des instructions, élaborées par le Comité des douanes et les services intéressés, détermineront les détails de l'application de l'article 96 et du présent article. Elles seront soumises à l'avis du Corps Diplomatique.

At the head of this renewed administration, Gaston Guiot - who also worked previously for the Quai d'Orsay - replaced Eugène Regnault. He started by inspecting all his agencies, and estimated that the loss due to bad monitoring amounted to 30% of the receipts. That is why on July 1907, he decided to appoint one of his agent in each office to control directly their functioning. This direct monitoring is successful to the extent that it increased the customs revenues by 70% between 1907 and 1908. On the other hand, this direct monitoring exasperated tensions. On 31 July 1907, French workers on Casablanca's harbor were killed because of the discontent caused by this French control over the customs. The French army was seeking a pretext to intervene: Casablanca is bombed in August and the city is occupied.

Even though the Algeciras Act precisely delimited the roles of the *délégués*, their importance grew progressively. Whereas they had to settle for collecting the necessary amount to service the debt, they actually were a first step toward a more direct French control. Gaston Guiot noted in February 1909 "*Nos accords avec le Makhzen limitaient extrêmement les attributions de nos contrôleurs ; si limitées qu'elles fussent, je leur prescrivis de n'intervenir provisoirement qu'autant qu'ils en seraient priés par les omanas [...] Ces instructions ont été ponctuellement suivies et, en dépit de quelques retours de fortune, notre mission s'est, comme nous l'avions prévu, notablement élargie. Nos contrôleurs ont été par la force des choses introduits dans les mille détails du fonctionnement journalier. Chargés dans le principe de coopérer à la seule estimation des marchandises soumises à taxation, ils sont aujourd'hui si intimement mêlés à la vie de douane que leur contrôle a débordé jusque sur l'administration du service*"⁵⁸

⁵⁸Rapport Guiot du 3 février 1909

3.1.3 *La Dette* at the height of its power between 1910 and 1912

The final stage is reached after the 1910 loan. The debt administration is officially named *Administration du Contrôle de la dette publique mahghzenienne*⁵⁹, and became mechanically more important since the whole amount of customs is now devoted to debt servicing, except 5% remaining at the disposal of the Maghzen. The civil servants henceforth directly perceived customs revenues, while before they only had a control right⁶⁰. In 1910, *la Dette* then monitored as well the administration in charge of collecting urban taxes in Casablanca. Guiot decided moreover to introduce a new procedure: every official document would now be signed both by the Maghzen and *la Dette*. This procedure ensured the genuine nature of the French control.

This growing French influence however once again provoked intense reaction from Germany which wanted to preserve an international and private administration, in appearance at least. *La Dette* was in particular reproached for disturbing German trade because of the Franco-German rivalries in Morocco. When Guiot attempted to solve these issues with German diplomats, it was then the French Legation in Morocco which was complaining. Eugène Regnault considered *la Dette* as a French service which was subordinated to the Quai d'Orsay for any negotiation with a foreign country. This debate is solved by an agreement that planned a common action on international issues. This diplomatic incident ultimately triggered the Agadir crisis in 1911.

As a result of its growing weight, *la Dette* gained increasing responsibilities, in particular to provide police servicing. It is in charge of littoral security, lithering⁶¹, and also fights against smuggling. *La Dette* was thus cooperating with the French Navy and had at its disposal two tugboats and four other boats which were controlled by a French navy officer. It employed as well coastguards, mercantile marine officers and created shipyards. Its action was not limited to harbours: its security role expanded on ground by establishing checkpoints.

This led to a very particular situation. *La Dette* was acting on behalf of a private banking consortium – under the auspices of the French government – and was managing at the same time most of the tax administration, in addition of state-owned properties and monopolies. Its authority progressively expanded to the whole country while being fairly independent: Gaston Guiot is free of any hierarchy. According to Robert-Raynaud, “*l’Administration du Contrôle de la Dette jouissait au Maroc de pouvoirs supérieurs à ceux qu’exerçait la Légation de France*”⁶².

Once the protectorate is established on March 30, 1912, the debt administration lost progressively its prerogatives. In 1914, it lost the lightering, in 1916 the state-owned properties and finally the customs collection in 1918.

3.2 The State Bank of Morocco

The link between public debt and the birth of a modern monetary system is tight. David Graeber (2011) thus recalls the creation of the Bank of England in 1694. A banking consortium of 40 tradesmen from London and Edinburgh lent to the king William III 1.2 million pounds to finance its war against France. In return, he enabled them to create a company with the

⁵⁹ Commonly called *La Dette*

⁶⁰ Lettre du 28 novembre 1917 de Pichon au président de Paribas

⁶¹ “Acconage”

⁶² ROBERT-RAYNAUD (1923). *En marge du livre jaune. Le Maroc.*

exclusive right to issue banknotes: those banknotes are then a promise made by the tradesmen to pay the amount the king owed them.

3.2.1 The project of a State Bank of Morocco

The foundations of the State Bank of Morocco date back to the 1880s. The banks settled in Morocco at that time were only branches of European banks. However, the depreciation of the peseta hassani, the falling silver prices and the deficit of the trade balance made the idea of a State Bank relevant (see Section 1.3.3.). A series of private initiatives failed in the first place. Between 1883 and 1887, three British projects fell apart. A Bank of Tangier is founded in 1887, but its business did not grow. In September 1894, a German businessman named Gustav Frank aimed to found a *Deutsch-Marokkanische Bank* but the Regent Ba Ahmed opposed him because of the Islamic prohibition of usury. A French project imagined by Dilhan and de Kerdec is submitted to the Quai d'Orsay but this idea had not been embraced by the ministry of France in Tangier - de Monbel. The idea of State Bank came thus originally from private initiatives but they lacked the bank's support, fearful until 1901. Diplomats were also cautious in an era of intense imperial competition.

In 1904, the circumstances were much more favourable. Saint-René Taillandier became the ministry of France in Morocco in May with the idea that military conquest is an outdated view: the French power must take roots more progressively through a progressive economic penetration. Since 1903, the French government coordinated with the *Banque de Paris et des Pays-Bas* for concerted action in Morocco and agreed on the idea to create a State Bank in Morocco (Section 2.1.3). Its creation was then planned in the 1904 loan contract, but postponed to a later date. Within months, a more precise project was submitted but the sudden involvement of Germany in 1905 disturbed the French ambitions.

The German consul in Fes realized indeed that the French project of a State Bank would lead to a protectorate and then support the Moroccan government against the French, leading them to make more concessions to the Sultan. The Bank for example, is no longer created by the Moroccan government but by a banking consortium: indeed, a private bank, at least in appearance, benefited to the sultan to the extent that it does not break the Islamic law. Granting the privilege of creating the Bank to the consortium who already owned the customs revenue seemed natural: the concession of the Bank is in the wake of the 1904 loan. The sultan is however reluctant to the French supremacy: on 27 May 1905, he decided to organize an international conference that alone would have the authority to reform the country. The Algenciras conference hold between January and April 1906 finally created the State Bank, while the Moroccan government was completely excluded from the negotiations.

3.2.2 The creation of the State Bank

The final Act of the conference - signed on 7 April 1906 - includes in its articles 31 to 58 the concession Act of a State Bank. Its primary goal was to finance the organization of the police. The Bank's organization certainly did not correspond to the initial wish of the French government. The Bank is an international organization where all countries had equal rights.

TABLE 8:
The evolution of capital shares
in the State Bank between 1907 and 1947

	1907	1947
Morocco	7.14%	-
France	21.42%	57.2%
Spain	7.14%	10.2%
Portugal	7.14%	7.0%
Belgium	7.14%	7.0%
Netherlands	7.14%	7.0%
Italy	7.14%	4.1%
Sweden	7.14%	3.2%
United Kingdom	7.14%	0.2%
Germany	7.14%	-
Austria	7.14%	-
Russia	-	-
Vatican	-	3.3%

Source: AYACHE, A. (1956). *Le Maroc: bilan d'une colonisation*. Éditions sociales. p. 108.

The Bank is officially created on 25 February 1907 as a French limited company. It is however an unusual organization since it did not really have any nationality. Its headquarters were in Tangier while the board of directors sat in Paris. The structure and the capital of the Bank is internationalized, but its way of functioning was still the one planned by Eugène Regnault. The Bank obtained the exclusive right of emitting banknotes (Art. 32), buying precious metal (Art. 37). It became the paymaster of the country (Art. 33) and received a preferential right for future loans (Art. 37). As the paymaster of the country, it received customs revenues and more generally all the revenues that could be dedicated to service the debt. The Bank indeed directly serviced the Moroccan debt (except the 1904 loan) and could grant cash advances to the cherifian government. These cash advances could not exceed two thirds of its initial capital and had to be devoted to police. Finally, it can do all the bank transactions as a ordinary commercial bank.

Despite the international composition of the Bank, the French had *de facto* the decision-making powers. The board was composed of fourteen seats. The French had one as signatory power and could count on the two owed by the banking consortium. They also ensured the support of the British, Spanish, Russian, Italian and Portuguese administrators, reaching then the majority. This French supremacy is exerted more directly through the progressive takeover of the Bank's capital. Originally, it amounted to 15.4 millions francs divided in fourteen equal shares: twelve are given to the signatory countries (except the United States) represented by a bank of their choice, the two last one are given to the banking consortium. The evolution of shares however changed substantially (TABLE 8): France bought progressively the shares of other countries (especially following the First World War).

The creation of the State Bank of Morocco illustrates how public debt can translate into new institutions. The 1904 loan set France and the banking consortium as the main financial

powers in the country. If the necessity and the idea of a State Bank date back to the 1880s, it is only in the mid-1900s that it was politically feasible through the Moroccan weakening due to its indebtedness. Moreover, the French supremacy and the importance of the *Banque de Paris et des Pays-Bas* obtained through the 1904 loan could hardly be counteracted by the internationalization of Morocco at Algeciras. The State Bank of Morocco, in theory internationalized, was headed by a French who was also the vice-president of the *Banque de Paris et des Pays-Bas*: Léopold Renouard. The financial supremacy obtained through debt could not be offset by a treaty.

3.2.3 The State Bank's low initial activity

Immediately after its creation, the State Bank's activities were actually limited. It could not act as the paymaster of the country because of the sultan's opposition. The Bank's commercial activity was also insignificant before 1910.

The 1910 loan was however the opportunity for the State Bank to matter. It was in charge of the issuance of the loan and had to service the debt for Morocco. It could then as well carry out its functions as the paymaster of the country since almost all tax resources could be devoted to service the debt. The loan also enabled the Bank to receive back the advances granted to the Moroccan government - since the loan was dedicated to pay back previous loans. It also received direct benefits from the financial transaction. At the end of the year, the Bank issued then its first banknotes of 100 pesetas hassani. The sum of pesetas hassani put into circulation remained however small : 1,196,100 by the end of 1911, 1,445,500 in 1912 and 3,130,800 fin 1913⁶³. The State Bank actually did not have enough agencies within the country, and the value of the money was too high for daily transactions in Morocco.

The State Bank also suffered in its early stages from the competition with the Bank of Algeria. When the war was declared, on August 1914, French and Algerian banknotes were legal tender. The Bank of Algeria was actually a rival of the State Bank for a decade, hoping to expand its exclusive right to emit banknotes in Morocco: to that aim it opened a branch in Morocco, the Algerian-Tunisian Bank. This competition lasted ten years until an agreement was reached between the two banks in 1925. Indeed, in 1920 the pesetas hassani was demonetized. The Moroccan franc, linked to the French one, started to be issued in 1922 and became the only legal tender in the protectorate starting from July 1, 1922.

The State Bank is then not all-powerful when it is created. It had to wait fifteen years to really start to carry out its main mission. Then, if debt accelerated the creation of the State Bank, coinage had to wait greater political stability and the establishment of the protectorate.

⁶³NATAF, F. (1929). *Le Crédit et la Banque au Maroc*. Thèse pour le doctorat en droit. p.73-74

Conclusion of Section 3

In many respects, debt had already deprived Morocco from its political sovereignty before the protectorate. The *Contrôle de la dette* aimed first at taking control of the customs revenues to service the Moroccan debt. If its power was initially more theoretical than effective at the beginning, its prerogatives expanded as the debt burden grew.

In addition to the monitoring of tax resources, debt led to the organization of Moroccan monetary system under a foreign control. The State Bank of Morocco had indeed many prerogatives of a central bank, such as the exclusive right of emitting banknotes. Its importance remained nevertheless small in its early years, its only major activity being the issuance of the 1910 loan. Interestingly, it is the 1910 loan which enabled the State Bank to emit its first bank notes.

Part II

Debt during the protectorate

4 An indebted colonial economy

For a colonial empire, having an indebted colony is counter-intuitive, since it involves financial transfers with a risk of not being reimbursed, whereas we could expect a colony to transfer its wealth to the home country. Financial transfers are indeed a sensitive issue among economic historians focused on evaluating the costs and benefits of colonisation. Jacques Marseille's work⁶⁴ is the most influential on this topic. He estimated that overall France transferred part of its wealth to its colonies since their massive trade balance deficit had to be balanced by capital inflows. Colonies could then live beyond their means. However, assimilating the trade balance deficit to development aid is a problem: a significant part of financial transfers were actually loans, and their reimbursement was not taken into account.

By focusing a public debt during the protectorate, I want to provide further evidence on this debate on the costs and benefits of colonisation.

4.1 The Moroccan foreign trade between 1913 and 1956

Before estimating the debt burden during the protectorate, one has to explain its roots. As before the French supremacy, Morocco's trade balance is characterized by a permanent deficit.

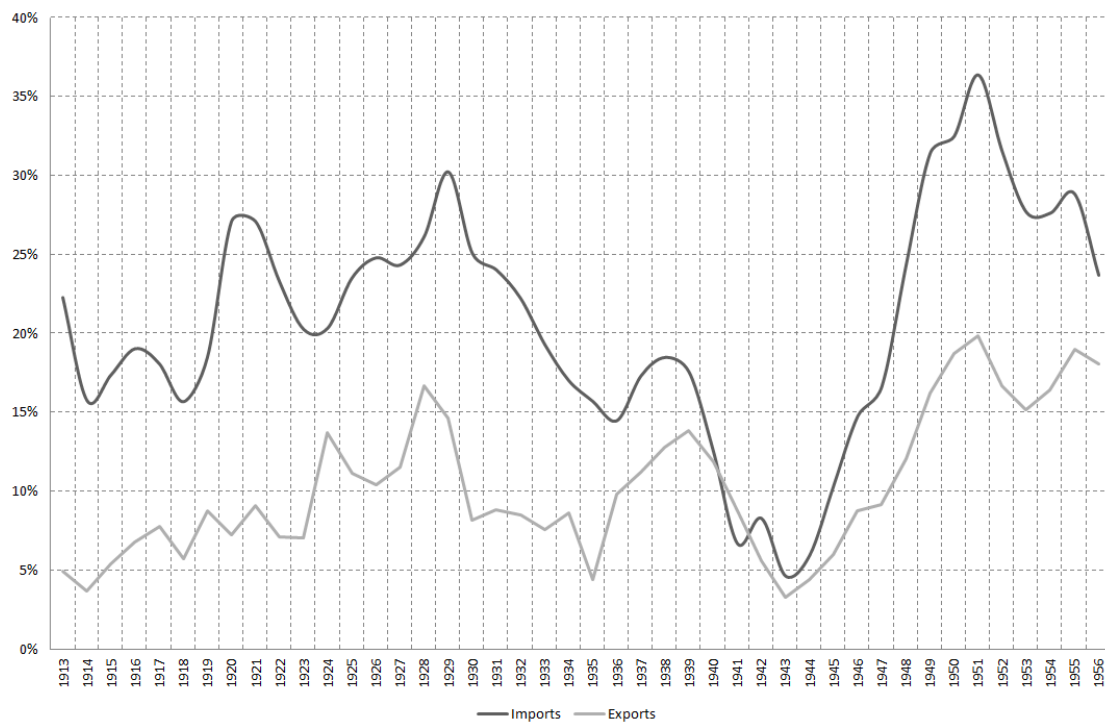
4.1.1 A persistent trade deficit

The structure of Moroccan foreign trade significantly changed with the establishment of the protectorate. Imports boomed in 1913 and continued to increase while exports remained at a fairly low level (FIGURE 17), deepening the trade deficit compared to the period preceding the protectorate (Section 2). Coverage ratios are extremely low - almost always below 50% - which happened only once before the protectorate, in 1895. As before the protectorate, the main imported products are sugar and cotton cloth.

The trade variations reflect well the integration of the country into the world economy. Exports and imports reached a peak in 1928-1929 before decreasing as did the global trade in 1930s. The Second World War was to many respects an exceptional period and completely reversed the situation since Morocco's trade balance was positive only in 1941. The post-war foreign trade returned to massive trade deficit even though it did not reach the extent it had in the interwar period. Such a structural trade deficit had roots in the very nature of the Moroccan economy.

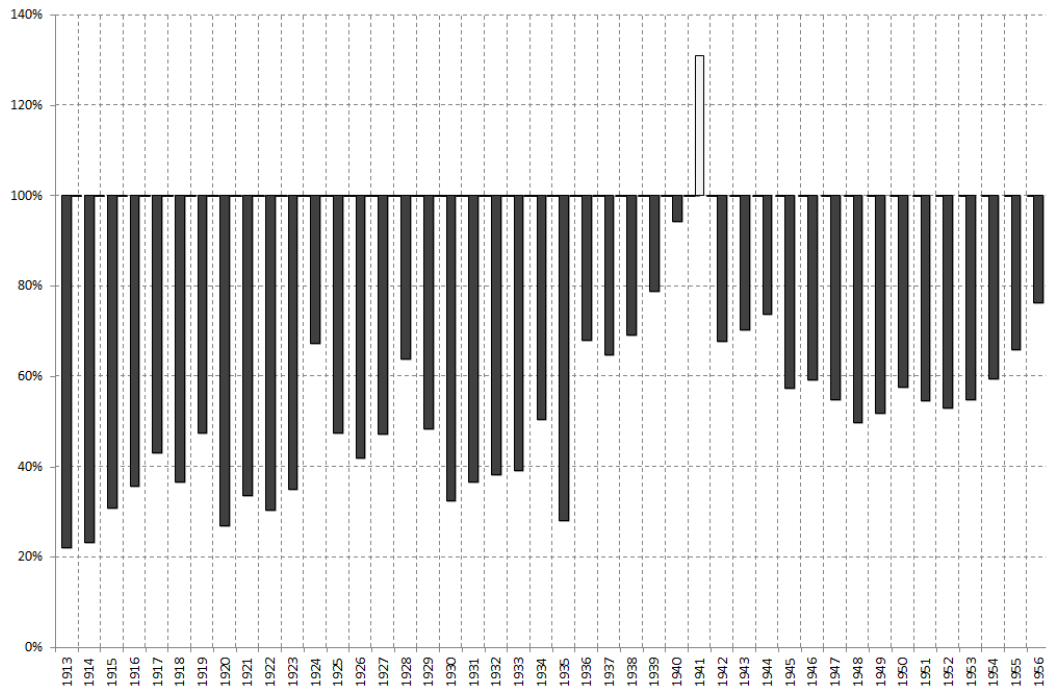
⁶⁴MARSEILLE, J. (1984). *Empire colonial et capitalisme français*. Albin Michel.

FIGURE 17:
Foreign trade as a share of GDP between 1913 and 1956



Source. Trade figures are extracted from *Crédit Lyonnais DEEF 31744* between 1912 and 1922, *Crédit Lyonnais DEEF 734742* between 1922 and 1935, and HATTON, G. (2009) p.189-191. GDP estimates are derived from Amin (1966), see Appendix.

FIGURE 18:
Foreign trade coverage ratio of Morocco between 1913 and 1956



Source: Trade figures are extracted from Crédit Lyonnais DEEF 31744 between 1912 and 1922, Crédit Lyonnais DEEF 734742 between 1922 and 1935, and HATTON, G. (2009) p.189-191

4.1.2 A consequence of the internationalisation of Morocco

Between 1913 and 1939, Moroccan trade system were still ruled by the Algeciras Act of 1906 which prevented any increase of import duties, fixed at 12.5%. Nor France neither Morocco could really control the trade relationship of the country, which was still under the Open Door policy (*régime de porte ouverte*). The French supremacy did not mean France was all-powerful: Morocco still kept its international status in its trade relationship and France has then to compete with all other countries, especially Japan and the United States.

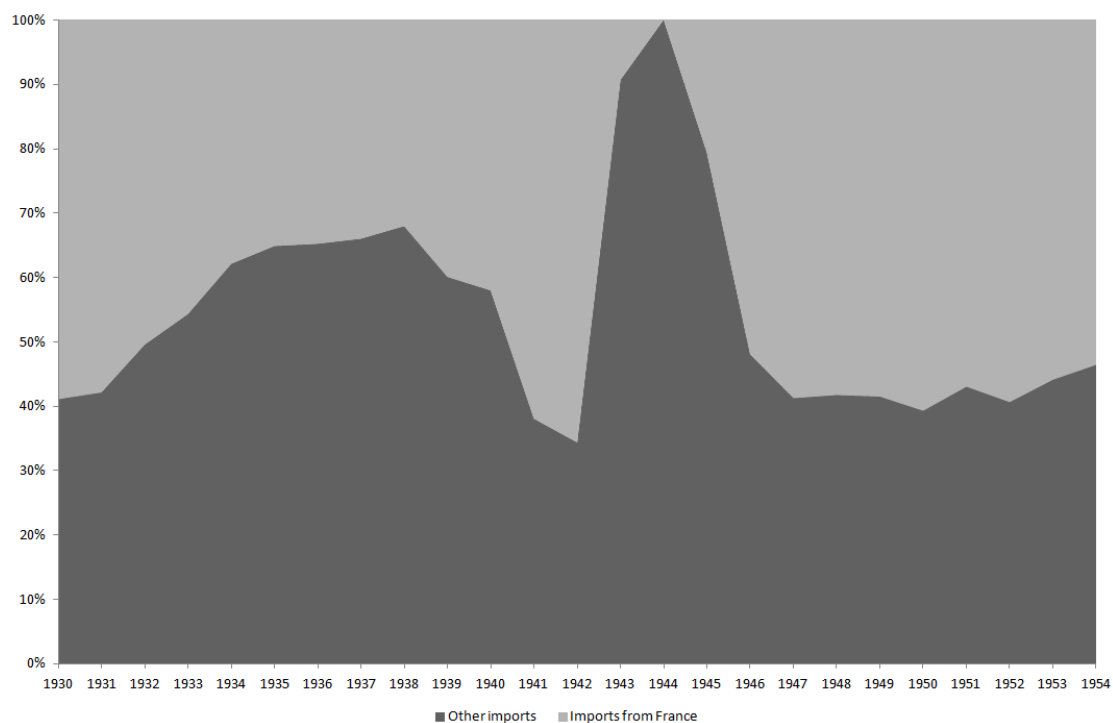
This situation could only hinder Moroccan and French interests. Morocco was almost the only country in the world with such an open trade system at that time, and during the Great Depression, it particularly contrasted with the general raise of protectionism. It prevented then any attempt of industrialisation and dangerously harmed local production. French as well were harmed by the Algeciras Act since their influence was not as important as they could expect: Indochina and Madagascar were better clients for France than Morocco. The trade relationship between Japan and Morocco is a good example of the consequences of this openness. The first Japanese products appeared in Morocco in 1928. In 1934, Japan was the second trade partner of Morocco right after France. It was mainly exporting cotton cloth and rubber footwear which met great success in Morocco. In 1936, Japanese *babouches* were even prohibited to support local crafts, which was an infringement to the Algeciras Act. The main issue raised by the trade relationship with Japan is that it was completely unbalanced. The only product Japan was importing from Morocco was phosphate but in 1933 Japan decided to buy the phosphate it needed only from America⁶⁵. Japan was not the only country to have developed a unilateral trade relationship with Morocco : The United States, China (tea), Cuba (sugar), Romania and Venezuela (oil) were exporting to Morocco without importing anything. Only Italy and Great Britain imported twice the amount they exported to the country. It is not a surprise then that some of the signatory powers of the Algeciras Act opposed any attempt of reform, foremost of which the United States. If this situation deepened the Moroccan trade deficit and bothered the French, it actually decreased prices in Morocco and benefited to a population whose purchasing power remained low (See FIGURE 1).

This situation changed only in 1939 when France established a foreign exchange control to protect Morocco from foreign competition. The outbreak of the Second World War in 1939 enabled this infringement to the Algeciras Act. The Moroccan trade relationships were then determined by its belonging to the Franc area. For any imports coming from countries outside the Franc area, France allocated foreign currencies to Morocco. France could then directly control Moroccan imports. Actually, the system was more complicated since Morocco was allowed after 1945 to sign agreements with other countries. This system had nonetheless the expected consequence: it tightened the links between France and Morocco.

For all these reasons, France's trade relationship with Morocco trade is neither exclusive nor constant. France is obviously the first trade partner of Morocco but the importance of other countries can seem high for a colonized country (FIGURE 19 and FIGURE 20). Let alone the Second World War, imports and exports from other countries reached at some point almost

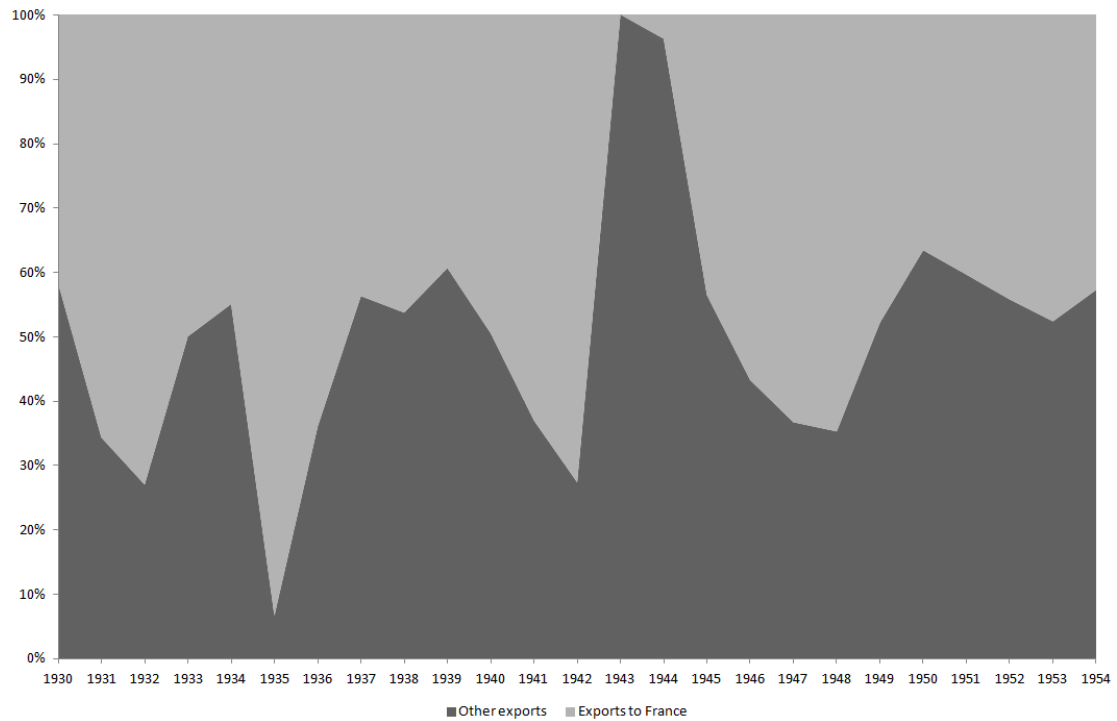
⁶⁵In 1932, the coverage ratio between Morocco and Japan amounted only to 11%

FIGURE 19:
Share of French imports among total Moroccan imports
between 1930 and 1956



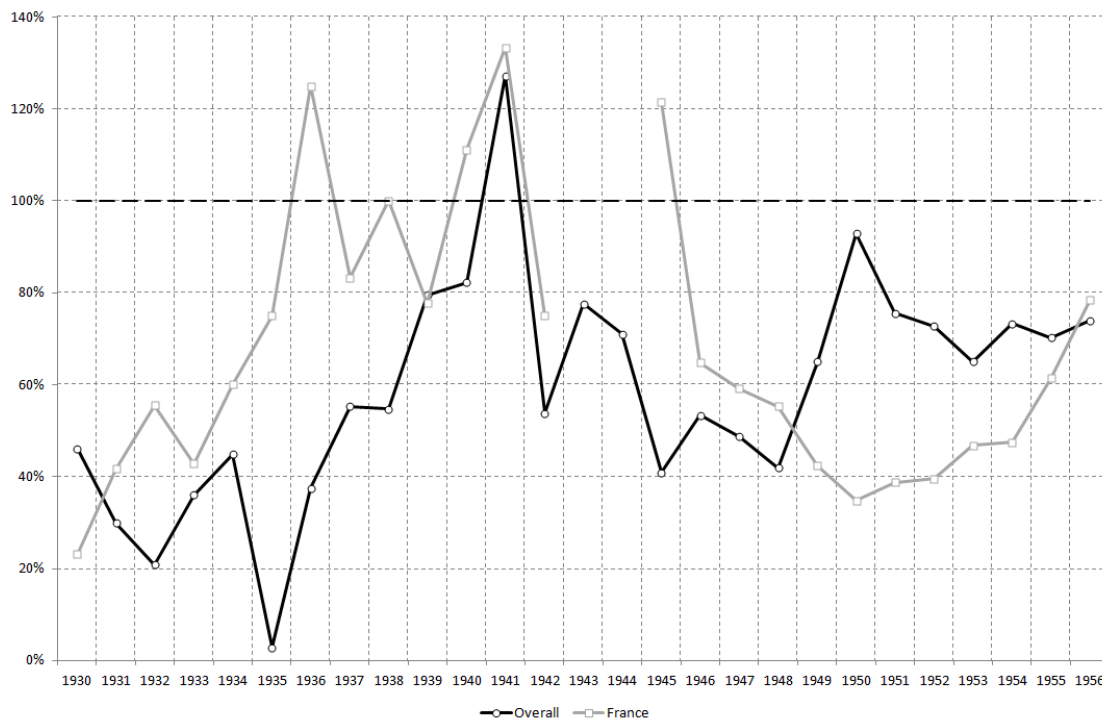
Sources. Global trade figures are extracted from Crédit Lyonnais DEEF 31744 between 1912 and 1922, Crédit Lyonnais DEEF 734742 between 1922 and 1935, and HATTON, G. (2009) p.189-191. Trade with France is extracted from *Tableaux économiques du Maroc, 1915-1959*, (1960). Service central des statistiques, Rabat. p.190

FIGURE 20:
Share of French exports among total Moroccan exports
between 1930 and 1956



Sources. Global trade figures are extracted from Crédit Lyonnais DEEF 31744 between 1912 and 1922, Crédit Lyonnais DEEF 734742 between 1922 and 1935, and HATTON, G. (2009) p.189-191. Trade with France is extracted from *Tableaux économiques du Maroc, 1915-1959*, (1960). Service central des statistiques, Rabat. p.190

FIGURE 21:
Moroccan foreign trade coverage ratios with France and other countries
between 1913 and 1956



Source: Sources. Global trade figures are extracted from Crédit Lyonnais DEEF 31744 between 1912 and 1922, Crédit Lyonnais DEEF 734742 between 1922 and 1935, and HATTON, G. (2009) p.189-191. Trade with France is extracted from *Tableaux économiques du Maroc, 1915-1959*, (1960). Service central des statistiques, Rabat. p.190

60% of the total Moroccan foreign trade. The trade balance deficit with France appears then to be lower than the one with other countries (FIGURE 21) especially during the 1930s. The coverage ratio between Morocco and France - if it is indeed well below 100% - is still above the one between Morocco and all the other countries until 1949. In 1936, 1938 and 1945, it is even above or equal to 100%. The trade balance deficit between Morocco and France has therefore not to be overestimated.

4.2 The debt burden during the protectorate

4.2.1 The Moroccan balance of payment

The trade balance deficit detailed above had to be offset, either within the current account by public transaction or within the capital account by capital inflows. The nature of these financial flows is controversial: for Jacques Marseille, they could be assimilated to development aid. Studying the balance of payment is then necessary to understand the true nature of these flows. However, no official data on Moroccan balance of payments is available before 1950. Reconstructing the balance of payment during the protectorate is beyond the scope of this work focused on public debt. It is nonetheless possible to have an idea of the share of loans within

TABLE 9:
Share of loans within total capital flows
(millions of francs 1953)

	1912-1939	1940-1945
Total capital inflows	712,000	287,500
Annual mean	25,430	47,920
Loans	225,000	75,000
Annual mean	8,040	12,500
Share of loans	31,60%	26,09%

Source. Figures for capital flows are extracted from AYACHE, A. (1956), p.114. The total amount of loans is computed by adding up all the loan that can be found in the list in Appendix (Crédit lyonnais, DEEF 73186 and DEEF 734742)

these inflows. Indeed starting from 1921, the *compte d'opérations* indicated whether capital inflows were compensated by capital outflows. The *compte d'opérations* was an account opened by the State Bank of Morocco in the French Treasury where the financial transactions between the two countries were recorded. A credit balance - as well as a debit balance - did not need to be offset by effective transaction but simply by entries. It is how Albert Ayache computed the capital inflows in Morocco used in TABLE 9.

On average, loans represented therefore between a quarter and a third of the total capital inflows in Morocco between 1912 and 1945. These means hide obviously important annual variations, since the sum borrowed by Morocco varied greatly from a year to another (See the complete list of loans in Appendix). For example, the trade balance deficit between 1912 and 1920 was mainly offset by military spendings. Aside from loans, these capital inflows had different origins:

- Public origin. Capital inflows were indeed composed of the costs of the military conquest until 1934 (and the costs of the military occupation after this date). During the Second World War, the French government had to buy food products first for Germans, then for the Allies. Starting from 1949, civil and military spendings as well as cash advances from the *fonds de modernisation et d'équipement* constituted most of these capital inflows.
- Private origin. After the Second World War, direct investments from companies tended to replace loans that became less important (see Section 4.2.2.). If between 1912 and 1945, these investments represented on average 14% of the total capital inflows, they amounted to 36% of the total capital inflows between 1946-1953⁶⁶.
- Foreign origin. Foreign private capital amounted roughly to 10% of the capital inflows between 1912 and 1939. The larger part was due to Belgian firms investing in mines. Foreign public capital represented 7% of capital inflows between 1946 and 1953 and were coming from the United States which spent 40 billions francs to build air force bases in Morocco.

⁶⁶AYACHE, A. (1956). *Le Maroc: bilan d'une colonisation*. Éditions sociales. p.117

TABLE 10:
Contributions to the balance of payment equilibrium
in 1953 and 1954

	Share	1953 Francs (Billions)	France's share	Share	1954 Francs (Billions)	France's share
Current public spending						
Civil spending	9.09 %	7.7	100 %	10.66 %	8.9	100 %
Military spending	54.90 %	46.5	71 %	52.46 %	43.8	72 %
Loans						
public and semi-public	20.19 %	17.1	94 %	21.32 %	17.8	94 %
private	5.31 %	4.4	84%	6.35 %	4.1	100 %
Investments						
Public	3.31 %	2.8	100 %	1.32 %	1.1.	100 %
Private	7.20 %	6.1	93 %	7.90 %	6.6	95 %
Total	100 %	84.7	82%	100 %	83.5	84 %

Lecture note. The "Share" column is the total contribution of each category to the balance of payment equilibrium - in theory from the entire world. The second column details the sum in franc the previous shares represented. The third column "France's share" is France's share in each category. For example, 71% of the military spending contributing to the balance of payment equilibrium were spent by France.

Source. HATTON, G. (2009). p.196 and 198. His figures are based on *Note sur les échanges extérieurs du Maroc*, written by the Direction des relations économiques extérieures of the French ministry of Foreign Affairs (December 1955)

Richer data are available in the 1950s enabling to understand the balance of payment of Morocco at the end of the French protectorate. As shown in FIGURE 18, this period is also characterized by a strong trade balance deficit, with a foreign trade coverage ratio almost always lower than 70%. This trade deficit leads mechanically to a strong deficit of private transactions within the current account. The TABLE 10 explains how this deficit has been balanced to ensure the equilibrium of the balance of payment in 1953 and 1954. In accordance with the figures found by Ayache (1956), the loans still contributed up to one quarter to the balance of payment equilibrium. Military spendings played actually the most important role by far in this equilibrium, which are the exact opposite of development aid! These military spending were interestingly not all French: 30% had a foreign origin (probably American).

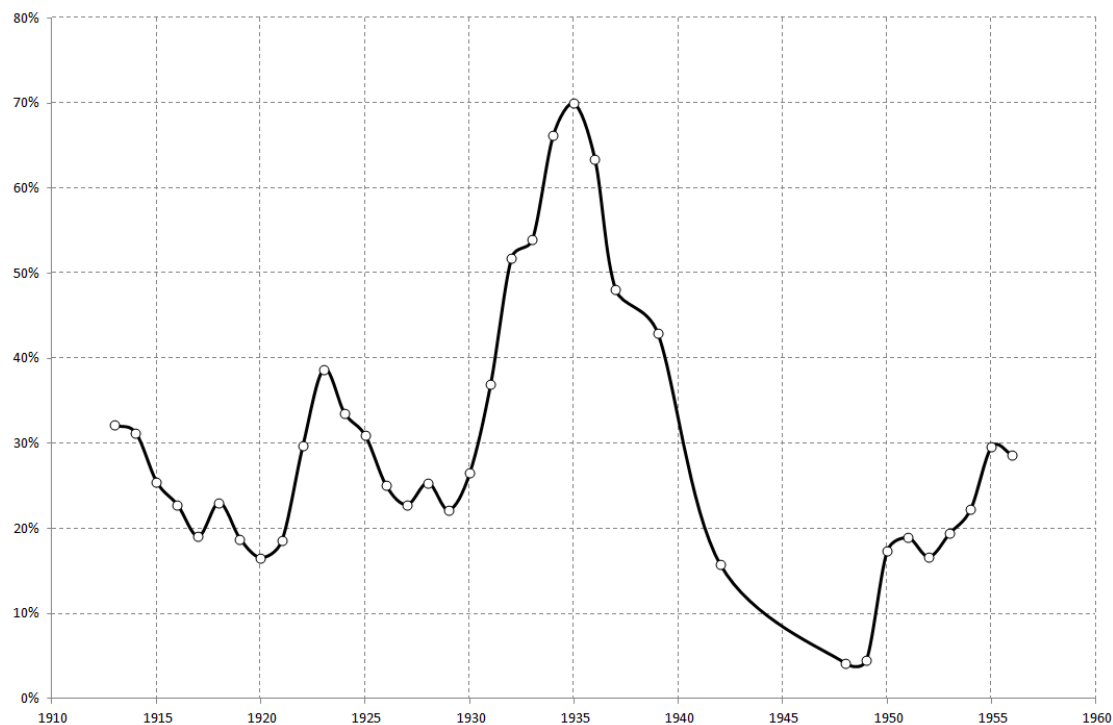
Overall, we can consider that loans represented between one third and one quarter of the capital inflows offsetting the trade balance deficit.

4.2.2 An indebted country with a balanced budget

One paradox of Morocco's indebtedness during the protectorate - which is probably linked to its balance of payments - is that it accumulated an important amount of debt while having an almost balanced budget for fifty years. This debt is actually most of the time higher than during the debt crisis Morocco faced before the protectorate.

Once again, estimating the ratio debt/GDP enables to understand the extent of Moroccan debt (FIGURE 22). The level of indebtedness at the beginning of the protectorate slightly decreased from 30% to less than 20%. Then the level started to raise and reached two peaks,

FIGURE 22:
Public debt/GDP in Morocco
between 1913 and 1956



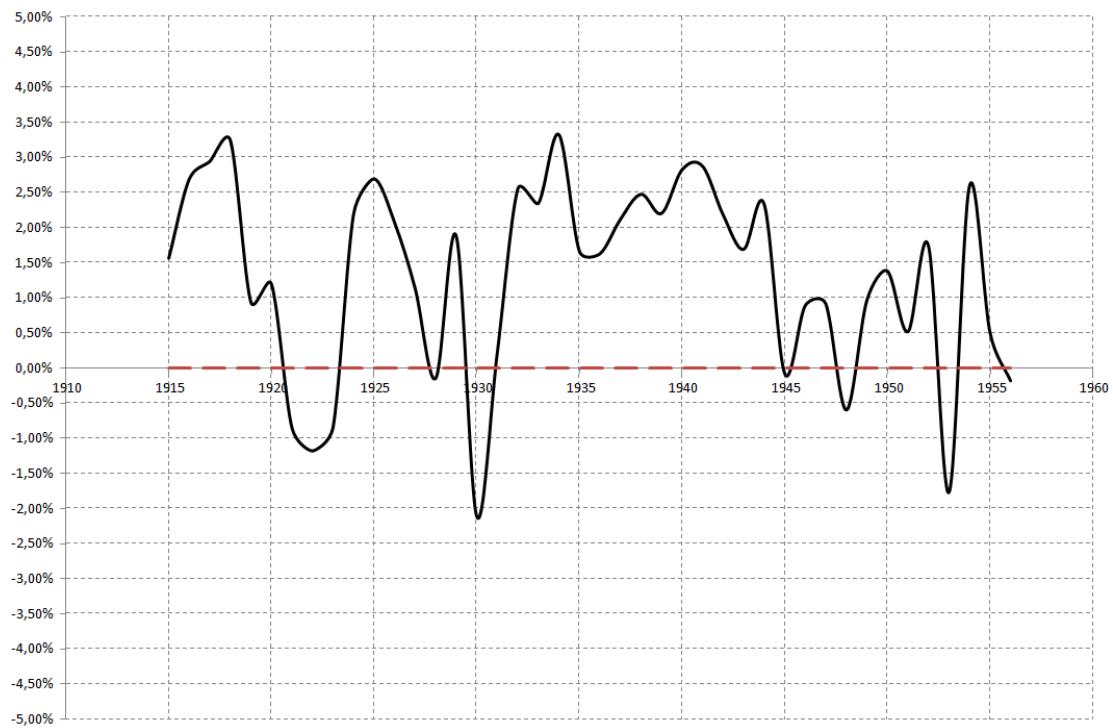
Source. Debt figures are extracted from Crédit lyonnais, DEEF 73186 and DEEF 734742 between 1912 and 1948 and from *L'évolution économique du Maroc* (1958) between 1949 and 1956. GDP estimates are derived from Amin (1966). See Appendix for further details.

in 1923 and 1935. The complete list of loans in appendix explains this raise. The 1930s were therefore a period in which the loans were particularly numerous. The deflation following the Great Depression in the 1930s mechanically increased the debt burden.

The unusual fact about this debt is that it was not due to a budget deficit (FIGURE 23). On the contrary, Morocco benefited most of the time from a budget surplus. This surplus financed a *fonds de réserve* which was devoted to investment spendings. The Moroccan debt could then be seen as "imported": as before the protectorate, it was accumulated through several French loans. The growth of Moroccan public debt must then be understood more in light of the permanent trade deficit - since loans contributed overall one third to offset it - than in the light of a budget deficit.

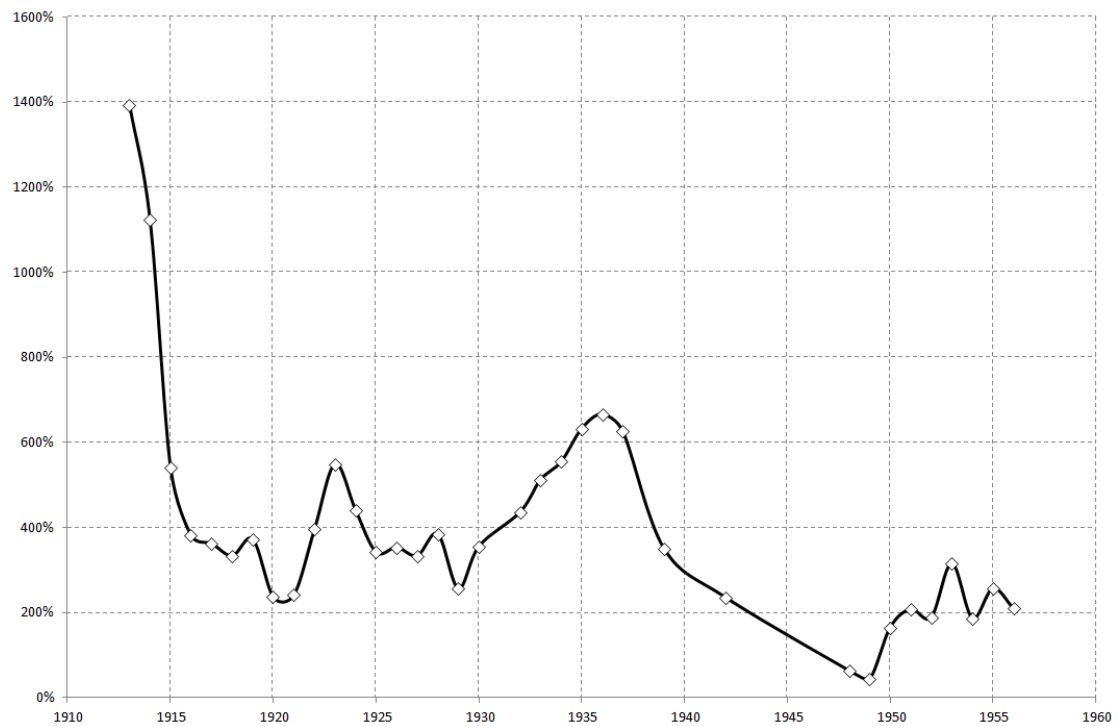
The Moroccan balanced budget did not however mean government receipts were important enough to face this amount of debt (FIGURE 24). The public finance crisis preceding the protectorate was illustrated by very low level of government receipts over the decade (FIGURE 15) and consequently extremely high level of debt/government receipts (FIGURE 13). During the 10 first years of the protectorate, the state's receipts continuously increased : the French progressively took control of the country and established a tax administration. State receipts stayed then roughly between 10% and 20% of GDP. The large variations of these ratios are most of the time

FIGURE 23:
Budget surplus in Morocco
between 1915 and 1956 (% of GDP)



Source. Both receipts and spending are extracted from Afristory datasets (Denis Cogneau, PSE). The receipts and spending do not include financial transfers such as loans, debt servicing, or transfers to municipalities.

FIGURE 24:
Public Debt/government receipts
between 1913 and 1956



Source. Debt figures are extracted from *Crédit lyonnais*, DEEF 73186 and DEEF 734742 between 1913 and 1948 and from *L'évolution économique du Maroc* (1958) between 1949 and 1956. Government receipts are extracted from Afristory datasets (Denis Cogneau, PSE). They do not include foreign loans. See Appendix for further details.

FIGURE 25:
Government receipts/GDP
between 1913 and 1956



Source. Government receipts are extracted from Afristory datasets (Denis Cogneau, PSE). They do not include foreign loans. GDP estimates are derived from Amin (1966). See Appendix for further details.

explained by loans which significantly boosted the state's receipts. If the Moroccan budgetary resources were high enough not to come back to the worrying pre-protectorate debt/state's receipts ratio, they remained too low for the level of indebtedness of the country. Most of the time, debt represented between three and five times the total state revenues. My estimates contrast sharply with the one displayed by Hatton (2009), who is to my knowledge the only one to have attempted to estimate the Moroccan debt during the protectorate, and express it as debt/budget ratio (See Appendix for further details). The question henceforth is to understand how Moroccan debt has been reimbursed.

4.2.3 How was debt reimbursed ?

The FIGURE 22 shows clearly that the debt dramatically decreased after the peak reached in 1935, and even more during the Second World War. The first and most important explanation is obviously inflation. The FIGURE 26 demonstrates how inflation changed the debt levels in Morocco, especially during and after the Second world War. While current debt was multiplied by 2.5 in ten years between 1937 and 1948, constant debt was on the contrary divided by almost 10 over the same period. The pre-Second World War debt almost entirely disappeared thanks to inflation. If those monetary upheavals considerably lessened the weight of Moroccan debt they ruined savers who bought Moroccan bonds. In November 1944, their prices in stock markets were almost equal to their nominal value. A bond of the 1934 loan bought 1,000 francs was priced 1,063 francs in stock markets in 1944. However, in constant francs, 1,000 francs in 1934 were equivalent to 3,804 francs in 1944 : an underwriter who invested its savings in the 1934 loan therefore lost approximately 75% of its wealth in ten years⁶⁷. The French small savers who invested in Moroccan bonds in the interwar period lost therefore most of their savings - as it would have been the case for almost any investment.

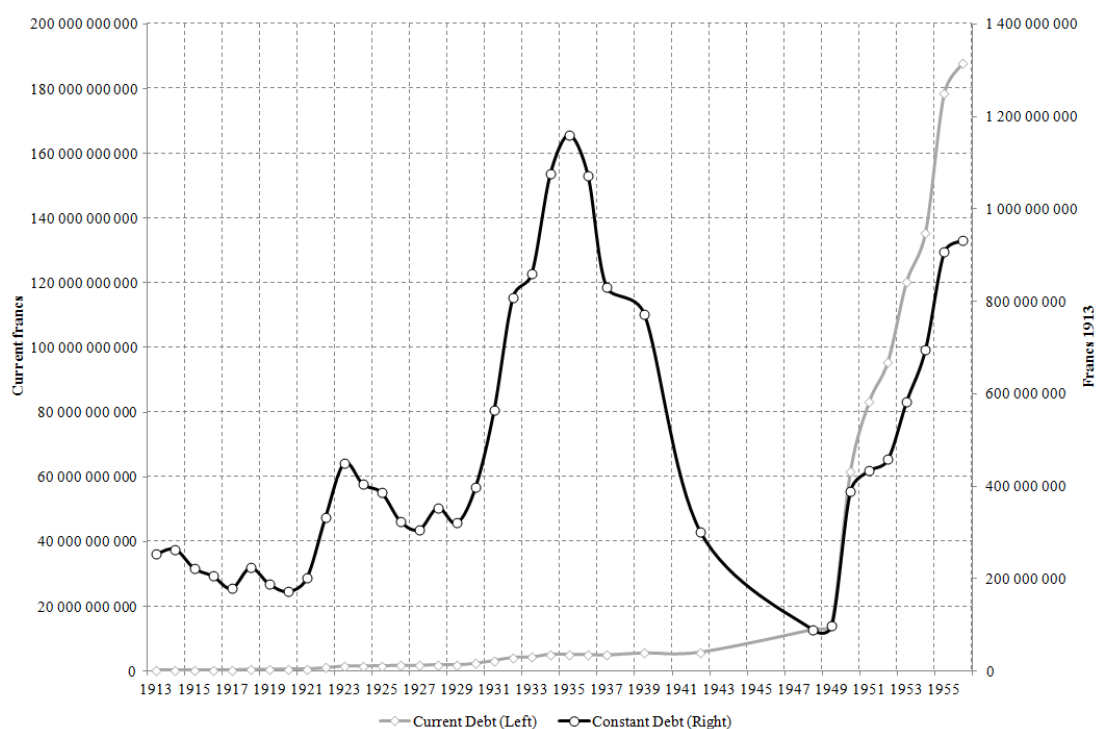
Despite the crucial role played by inflation, Moroccan debt has been regularly and carefully reimbursed. The increasing government receipts enabled to sharply reduce the weight of debt servicing in the Moroccan budget in five years (FIGURE 27). It represented still an important burden for the Moroccan budget: between 1920 and 1945, the ratio varied between 10% and 20%, with a peak of 30% reached in 1936. This debt servicing seems thus heavy compared to the weight of the debt: France in 2016 has a debt/GDP ratio amounting to 97,5% while it pays approximately 10% of its general budget each year to service its debt. The debt servicing/GDP ratio displays the same picture, with a peak of 3.50% reached in 1936 (FIGURE 28). During the 1920s and 1930s, a growing amount of Moroccan wealth was thus transferred from Morocco to France to service its debt. This trend was stopped only by inflation, that started as soon as 1937 but really accelerated with the Second World War.

4.3 Why were Moroccan loans borrowed ?

Studying a country's debt can not be restricted to estimate its weight. How the loans were used is an important remaining question to answer.

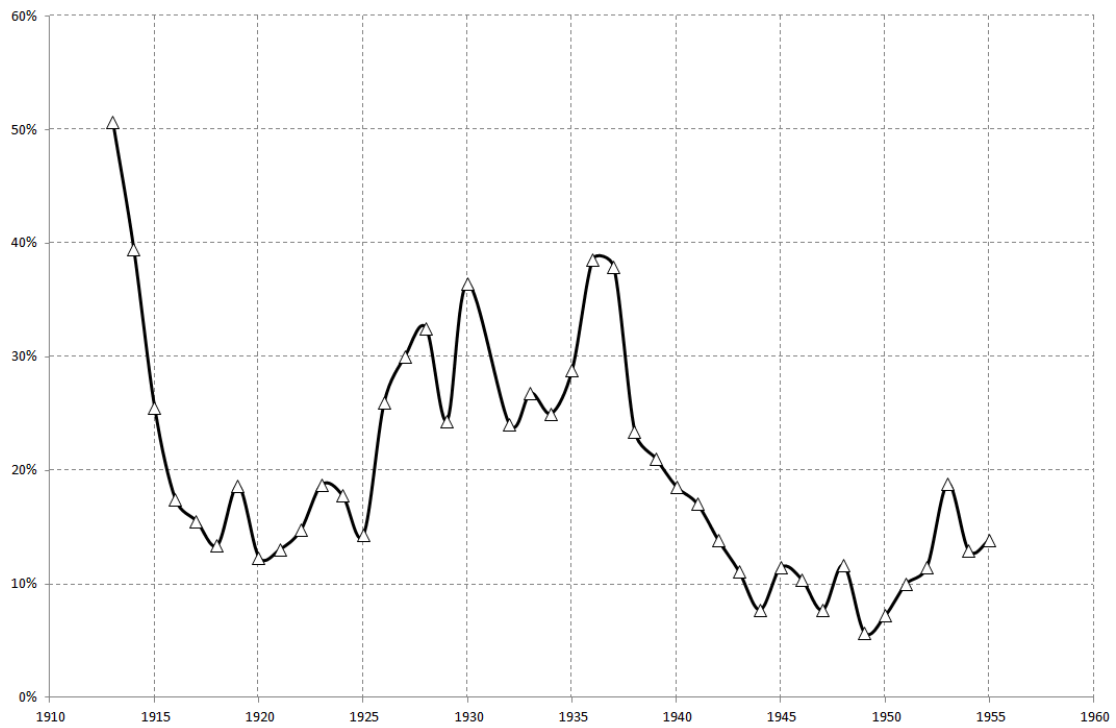
⁶⁷HATTON, G. (2009). *Les enjeux financiers et économiques du Protectorat marocain (1936-1956): politique publique et investisseurs privés*. Société française d'Histoire d'outre-mer. p.160

FIGURE 26:
Current and constant debt in Morocco
between 1913 and 1956



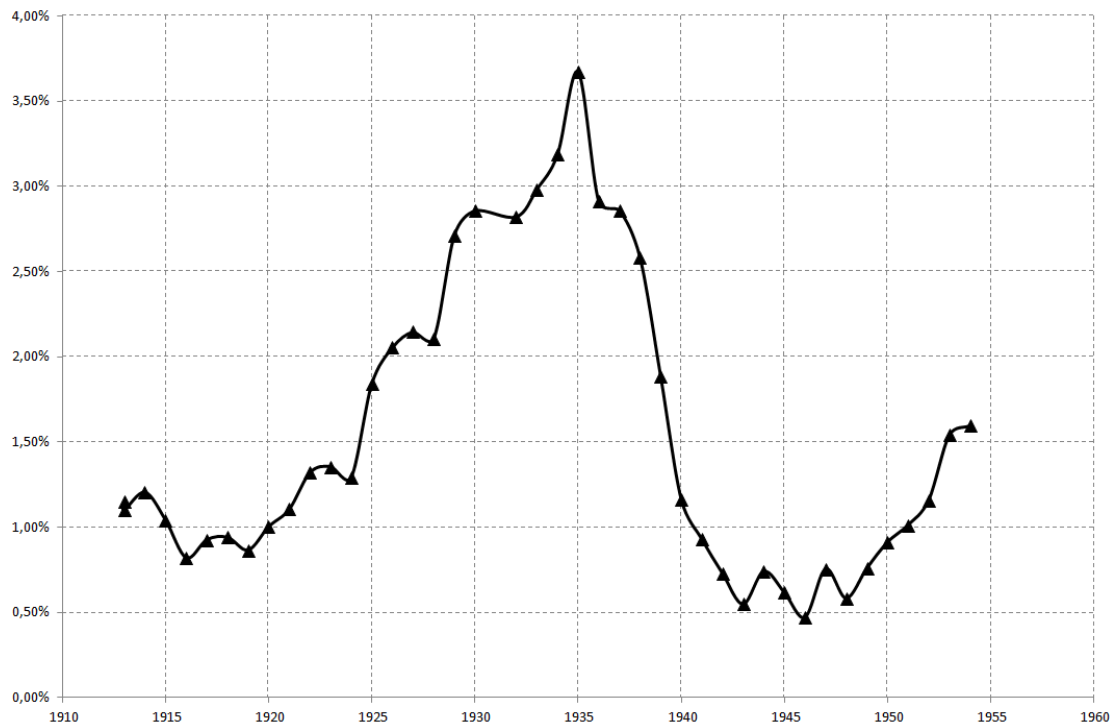
Source. Debt figures are extracted from *Crédit lyonnais*, DEEF 73186 and DEEF 734742 between 1913 and 1948 and from *L'évolution économique du Maroc* (1958) between 1949 and 1956. The price index used is a mix of a French price index (1913-1939) and of a Moroccan price index (1939-1956). The French price index can be found on Thomas Piketty's website <http://piketty.pse.ens.fr/en/articles-de-presse/56> (Annexe F) while the price index is extracted from *Tableaux économiques du Maroc, 1915-1959*, (1960).

FIGURE 27:
Debt servicing/government receipts
between 1913 and 1956



Source. Both receipts and debt servicing are extracted from Afristory datasets (Denis Cogneau, PSE). The receipts do not include financial transfers such as loans or transfers to municipalities.

FIGURE 28:
Debt servicing/GDP
between 1913 and 1956



Sources. Debt servicing are extracted from Afristory datasets (Denis Cogneau, PSE). GDP estimates are derived from Amin (1966), see Appendix.

TABLE 11:
Loans depending on their use expressed as a share of the total amount lent
between 1904 and 1956

	Constant francs 1939	Current francs
Direct loans		
Consolidation loans	16.60 %	0.78 %
Other direct loans	56.76 %	54.93 %
Total	73.36 %	55.71 %
Indirect loans		
Ports	5.27 %	1.08 %
<i>Énergie électrique du Maroc</i>	9.69 %	36.18 %
Railways	10.36 %	6.76 %
Towns	1.33%	0.27 %
Total	26.64 %	44.29 %
Total	100 %	100 %

Lecture note: In constant currency, 16.60 % of the total amount lent to Morocco between 1904 and 1956 was devoted to consolidation loans
Source. The sum of loans is computed by adding up all the loan that can be found in the list in Appendix (Crédit lyonnais, DEEF 73186 and DEEF 734742). After 1945, the indirect loans lent to *Énergie électrique du Maroc* were completed thanks to SAUL, S. (2016), p. 233.

4.3.1 Direct and indirect loans

The first thing that must be noted is that all the loans constituting the Moroccan public debt were not directly borrowed by the Moroccan state. Loans could indeed be separated in two categories: the direct loans to the Moroccan government and the indirect loans, which were only secured by the Moroccan government. The list of loans in Appendix was organized in order to respect this distinction. The loans only secured by the Moroccan government were generally aimed to companies devoted to build infrastructures such as *Société d'énergie électrique du Maroc* or *Compagnie des chemins de fer du Maroc*. The TABLE 11 describes the share of each category. As underlined before, inflation played a major role. I thus computed the share of each type of loan among the total sum lent to Morocco both in current and constant francs. I defined each type of loan depending on the entity that benefits from it. All direct loans were thus borrowed by the Moroccan state. I however made a distinction between the consolidation loans which were only used to reimburse previous debt⁶⁸ and the other direct loans. Among indirect loans secured by the Moroccan state, I made the distinction between the four entities which borrowed the most : ports (*Société du port de Tanger*, *Compagnie du Port de Fédala*, *Société des ports marocains de Méhédya-Kénitra et Rabat-Salé*), railways (*Compagnie des chemins de fer du Maroc Oriental*, *Compagnie des Chemins de fer du Maroc*), towns (Casablanca and Safi) and the *Société d'énergie électrique du Maroc*.

The direct loans to the Moroccan government were by far the largest, both in current and constant franc, even though they were less numerous. The difference between current and constant francs underlines actually how the earliest loans completely lost their importance because

⁶⁸Loans in 1904, 1910 and 1914

TABLE 12:
Spending distribution of loans in in 1930, 1931 and 1932

	1930 and 1931 loans	1932 loan	Overall
Contrôle civil	0.35 %	0.36 %	0.36 %
Sécurité	3.10 %	1.57 %	2.10 %
Assistance	-	0.14%	0.09%
Justice	1.27 %	0.58 %	0.82 %
Finances	1.57 %	0.87 %	1.11 %
Domaines	3.05 %	2.24 %	2.52 %
Travaux publics	63.68 %	69.33 %	67.39 %
Agriculture, commerce et colonisation	3.10 %	5.52 %	4.69 %
Eaux et forêts	1.43 %	1.08 %	1.20 %
Propriété foncière	0.59 %	0.90 %	0.79 %
Postes, Télégraphes, Téléphones	10.29 %	3.50 %	5.83 %
Enseignement	7.68 %	10.45 %	9.49 %
Santé	3.30 %	2.83 %	2.99 %
Beaux-Arts et monuments	0.58 %	0.77 %	0.70 %
Total	100 %	100 %	100 %

Source. BNP Paribas PTC/112/49 and PTC/113/50. The 1930 and 1931 loan are recorded together since they were decided at the same time (Act of 22 March 1928, see Appendix)

of inflation. The case of the consolidation is the most eloquent example. In constant value, the consolidation loans constituted 17% of the total sum borrowed by Morocco in 50 years, which is almost equivalent to the loans borrowed by electricity and railways companies. To a lesser extent, ports borrowed mainly in the early 1920 at the very beginning of the protectorate, which explains why the amount borrowed decreased with inflation. On the contrary, the sum borrowed by the *Société d'énergie électrique du Maroc* is much more important in current francs since its loans were borrowed mainly in the 1940s and 1950s.

Despite the effect of inflation, we can conclude that between one quarter and a half of Moroccan debt was borrowed by companies devoted to infrastructure building. The remaining half is thus directly borrowed by the Moroccan state. How were spent these loans directly borrowed by the government ?

4.3.2 The spending distribution of direct loans

Within direct loans, the distinction between the consolidation loans and the other loans has already been made in the previous paragraph. Unfortunately, detailing precisely how all these other loans have been spend was not possible. The TABLE 12 and TABLE 13 provide some evidence on how the loans were used.

TABLE 12 displays how were allocated the loan expenditures for three loans in 1930, 1931 and 1932. The figures therefore do not show effective expenditures but only the planned ones. More than 70% of these loans financed public works and communications infrastructures while education and health totalled approximately 10%.

TABLE 13 displays on the contrary effective expenditures between 1922 and 1932. The figures

TABLE 13:
Use of the sums borrowed by Morocco
between 1922 and 1932

	Total (francs)	Total (share)
Affaires chérifiennes	400 000	0.02%
Affaires indigènes	22 714 076	1.33%
Contrôle Civil	5 970 000	0.35%
Sécurité	18 120 000	1.06%
Assistance	1 000 000	0.06%
Justice	15 900 000	0.93%
Finances	16 280 000	0.96%
Domaines	44 870 000	2.64%
Travaux publics	1 202 272 000	70.63%
Agriculture, Commerce et colonisation	53 474 525	3.14%
Eaux et forêts	21 000 000	1.23%
Propriétaire foncière	7 500 000	0.44%
Service topographique	1 200 000	0.07%
Postes, Télégraphes, Téléphones	127 402 500	7.48%
Enseignement	111 641 500	6.56%
Beaux-Arts et monuments	9 539 500	0.56%
Santé	43 000 000	2.53%
Total	1 702 284 101	100.00%

Source. BNP Paribas PTC/6CABET/1/74. The yearly data can be found in Appendix.

then do not show how loans taken individually were spent but how the global amount borrowed by Moroccan was spend each year between 1922 and 1932. The total sum of the loans may therefore not had been fully spend at the time when its use is recorded.

These figures may probably not be fully extrapolated to all direct loans during our period. They however highlight that most of the sum borrowed by Morocco financed infrastructure building, up the 70%. This great investment effort in physical capital contrasts with the very low amount invested in human capital (health and education), that totalled 10%. Besides, this imbalance could hardly be compensated by spendings from the annual budget since government receipts remained modest and were cut by a significant amount dedicated to service the debt.

The French strategy to colonize the country seems rational *a priori*. They aimed to finance as much as possible the necessary investments through loans. Indeed, French capital was immediately available: it is more profitable to invest in its colony as early as possible to expect larger profits from the empire. The Moroccan tax system needed time to establish itself and to generate a sufficient amount of tax revenues: Morocco could not finance the level of investment that France needed. Then, debt servicing spread repayments over decades, and Morocco would have reimbursed to France the whole amount borrowed with interests. It is only the monetary upheavals during the XXth century that disrupted this strategy. The deflation in the 1930s first increased Morocco's debt burden threatening the loan policy. The massive inflation linked to the

Second World War cancelled the debt Morocco borrowed in the interwar period, leading Morocco to have benefited from an investment policy at a reduced cost *a posteriori*. The French pursued a policy that would have been relevant in the XIXth century, but that led them to lose money in the same way as after the First World War and the Russian default.

Conclusion of Section 4

Moroccan indebtedness did not end with the establishment of the French protectorate. On the contrary, if its extent varied, it globally increased and reached a peak in 1935 with debt amounting to 70% of GDP or six years of state receipts - which represented around 10% of the GDP at that time. In many respects, the colonial economy could be considered as a loan economy. Its debt had not been accumulated through structural imbalances between receipt and spending, as testified by the global budget surpluses over the studied period. Debt was indeed accumulated through direct and indirect loans borrowed on the French capital market. These important capital inflows need to be understood in the light of the persistent trade balance deficit. Foreign loans thereby represented between 25% and 30% of the total capital inflows in Morocco between 1912 and 1945. The newly introduced balances of payments in the 1950s confirmed this order of magnitude. The evidence we have suggest that the loans borrowed were mainly devoted to investment spending. In constant currency, a quarter of the loans were dedicated to companies in charge of infrastructure building within the country (energy, railways, ports). Among the direct loans borrowed by the Moroccan government, almost 70% of the sum lent were dedicated to infrastructure building.

The evolutions described in this work can mostly be explained by an international environment that constrained France's policy in Morocco. The trade balance deficit, at least until 1939, is explained by the very specific conditions established by the Algeciras Act in 1906. The monetary upheavals of the first half of the XXth century are also the main determinant of the evolution of Moroccan indebtedness. The peak reached in the 1930s matches the deflationary period following the 1929 crisis. On the contrary, the massive debt decrease in the 1940s can only be explained by the inflation due to the Second World War. Although Morocco regularly serviced its debt - which represented on average 20% of government receipts - it is actually first and foremost inflation which cancelled Moroccan debts.

The loans are therefore central in the understanding of the Moroccan economy, since they constituted a significant part of the capital inflows in Morocco and were an important way through which Morocco financed its investment effort. This importance is not a surprise since some of the most important economic actors of the country were private bankers.

5 Debt's long-lasting implications: the role of the *Banque de Paris et des Pays-Bas* in Morocco

Debt cannot be studied only as a financial flow. The economic historian must identify the transfer of political and economic power that follows the financial transaction. He must as well understand the full implication of economic facts by studying their consequences in the long run. Debt in particular modifies the balance of power in favour of specific actors within an economy who are then able to shape it. The Section 2 analysed how loans - and in particular those in 1902 and 1904 - led to a French supremacy in Morocco materialized by a protectorate in 1912. The following section details how the the *Banque de Paris et des Pays-Bas* (Paribas) which issued the 1904 loan at the head of a banking consortium gained a significant importance in the Moroccan colonial economy. As highlighted by Edmond Spitzer, a president of the State Bank of Morocco: "*La Banque de Paris et des Pays-Bas est le chef de file indiscuté de tous les groupes intervenant au Maroc : en fait, elle contrôle la plupart des secteurs importants de l'économie en liaison avec notre Banque d'État, la Compagnie générale du Maroc et l'Omnium nord-africain.*"⁶⁹.

5.1 A state institution: the State Bank of Morocco

As described in Section 2.2, the creation of a State Bank in Morocco was one of the goal of the banking consortium in 1904. This wish was fulfilled in 1906 by the Algeciras Act : the Bank was created as an international organization in which all countries had equal rights. The TABLE 8 showed how the French progressively took control of the Bank between 1907 and 1947. These French shares were actually managed by Paribas: out of 14 members of the Board, eight were appointed by Paribas. Moreover, if headquarters were located in Tangier, the members of the Board *de facto* met in Paris. The State Bank of Morocco was therefore the greatest symbol of its influence in Morocco since it was the way though which it could have access to all the relevant information and the profitable financing. Moreover, the president of the State is always appointed by Paribas. As underlined in Section 3.2.2., Leopold Renouard - Paribas' vice-president - was the President of the State Bank of Morocco after its creation. Emile Oudot, the president between 1945 and 1955, was also one of Paribas' administrator. His successor Henri Deroy was as well an administrator from Paribas before being Paribas' president between 1962 and 1966.

As a central bank, the State Bank issued money and was the paymaster of the country. It was also managing the *compte d'opérations* with France since 1921. Its role was however limited since it was not the banker of last resort and could not credit other commercial banks. The State Bank of Morocco had a mixed status since it was also a private company whose primary goal was to generate profits for its shareholders: it was a commercial bank as well.

Indeed, the State Bank was very profitable for its shareholders, especially during the 1950s (TABLE 13). Its stock market value was as impressive as its profitability. In 1955, it amounted

⁶⁹Edmond Spitzer, directeur de la Banque d'État du Maroc, in Michel Poniatoski, Mémoires, Paris, Plon/Le Rocher, 1997, p. 243. quoted by SAUL, S. (1998). "La Banque d'État du Maroc et la monnaie sous le protectorat", in Jacques Marseille (dir.), *La France et l'outre-mer*. Paris, Publications du Comité pour l'histoire économique et financière de la France, pp. 389-427.

TABLE 14:
Profitability of the State Bank

	Capital	Net benefits	Profitability
1944	46 200 000	74 113 000	160%
1945	46 200 000	65 594 000	142%
1946	46 200 000	66 315 000	144%
1947	46 200 000	56 038 000	121%
1948	46 200 000	57 838 000	125%
1949	46 200 000	72 231 000	156%
1950	46 200 000	73 224 000	158%
1951	46 200 000	90 078 000	195%
1952	46 200 000	124 556 000	270%
1953	46 200 000	158 714 000	344%
1954	46 200 000	291 224 000	630%
1955	46 200 000	260 038 000	563%
1956	46 200 000	296 950 000	643%
1957	46 200 000	289 193 000	626%
1958	46 200 000	295 466 000	640%
1959	46 200 000	219 580 000	475%

Source : Source: SAUL, S. (2016). p.456

to 4,620,000,000 which was a hundred times higher than its nominal capital⁷⁰. Therefore, in addition to the influence Paribas gained in Morocco through the State Bank in Morocco, it could benefit from substantive profits.

5.2 The most influential financial holding in Morocco: Génaroc

The striking fact about the intervention of Paribas in Morocco is that it was invisible⁷¹. The financial power of Paribas was exerted through a financial holding which acted on its behalf - Génaroc - thanks to which it could be considered as the most important financial group in Morocco.

According the Hatton (2009), Génaroc - *i.e.* the *Compagnie générale du Maroc* - was the armed branch of Paribas in Morocco, as it gathered all its financial holdings in Morocco after 1912. It was indeed founded the 12 February 1912, a month and a half before the protectorate was established. It was founded by the banking consortium that issued the 1904 and 1910 loan, collected the customs revenues and founded the State Bank of Morocco (TABLE 15). The Bank *Allard* was the only one which participated to the 1904 loan without having any share in Génaroc's capital. Génaroc was thus a French limited company with its headquarters in Paris. The board of directors was headed by an administrator from Paribas, Gaston Griolet.

The company's capital totalled 10,000,000 francs in 1912 and was entirely owned by the banking consortium. Its capital naturally increased and reached 130,000,000 francs in 1949 and

⁷⁰HATTON, G. (2009). *Les enjeux financiers et économiques du Protectorat marocain (1936-1956): politique publique et investisseurs privés*. Société française d'Histoire d'outre-mer, p.295

⁷¹In a literal sense: before 1950, the name "*Banque de Paris et des Pays-Bas*" was not written anywhere in Morocco since the group had no office in the country.

TABLE 15:
Shares in Génaroc's capital

	In 1912	In 1953
<i>Banque de Paris et des Pays-Bas</i>	15.00%	13.55 %
<i>Comptoir National d'Escompte de Paris</i>	11.25 %	6.75%
<i>Société Générale</i>	11.25%	2.48%
<i>Crédit Lyonnais</i>	11.25%	10.82
<i>Banque de l'Union Parisienne</i>	11.00%	4.24%
<i>Société Marseillaise</i>	11.25%	3.99
<i>Crédit Industriel et Commercial</i>	6.40%	4.58%
<i>Imperial Ottoman Bank</i>	4.50%	2.28%
<i>Banque Française pour le Commerce et l'Industrie</i>	8.50%	
<i>Crédit algérien</i>	6.00%	
<i>Banque de l'Indochine</i>	5.50%	
<i>La Séquanaise</i>		0.97%
<i>La Nationale</i>		0.78%
Total	100%	50.44

Source. HATTON, G. (2009). p.252

390,000,000 francs in 1956. Because of inflation, this sum was actually very small compared to its action⁷². In 1953, the consortium as well represented only 50% of the company's capital, the rest of it being bought by the public.

This relatively small financial weight contrasts with the diversity of its fields of activity. If Génaroc was founded in 1912 just before the protectorate, it was explicitly to be the main organization through which Paribas could invest in the new conquest of France. As a consequence, its portfolio is representative of the Moroccan colonial economy: Génaroc worked as an investment fund invested which invested in basically every sector on behalf. Génaroc's portfolio in 1953 enables to understand the extent of Paribas' activity in Morocco (TABLE 16). The companies in red are the one which were either directly controlled by Génaroc or closely managed by Paribas. Some of the largest and most important companies of the country were among them, in particular *Energie Electrique du Maroc*, *Compagnie des chemins de fer du Maroc* and *Omnium Nord-Africain*. In the early years of Génaroc, the priority was indeed to take control of the sectors which would lead Morocco's public works and investments. Most of the shares hold in public works, in the mining sector or in the building sector indeed dates back to the 1920s when these companies were founded. It must also be noted that some of the companies whose capital was owned by Génaroc were themselves financial holdings. The most famous example is the *Omnium nord-africain* (ONA) founded by Jean Epinat in 1934. Epinat started in the transportation sector in 1919 with the *Compagnie générale de transport et de tourisme* and quickly expanded his activity to the mining sector to become a holding⁷³. As Epinat owned a quarter of ONA's capital in 1949, he became immensely rich (his wealth equalled the sultan's

⁷²Once the inflation is taken into account, the capital - expressed in 1912 francs - reached actually approximately 750,000 francs in 1949 and 1,700,000 francs in 1956

⁷³In 1949, the ONA owned 21 companies in various sectors (transport, mining, industries, tourism, trade and real estate)

one in the early 1950s). In 1950 and 1953, Paribas invested in ONA's capital and finally owned approximately 30% of the holding's capital. Paribas then obtained the majority of seats within ONA's Board - 10 seats out of 18 - and the head of the company - Jacques Aiguillon between 1953 and 1955. The ONA remained a key economic actor after Morocco's independence and became the biggest private company in the country. It became entirely Moroccan only in 1980 when the king Hassan II bought Paribas' shares.

If Paribas had a dominant position in Morocco, it was nonetheless not a monopoly. Its capital was even comparatively smaller than the one owned by its main rival: the stock market value of Génaroc was more than two times smaller than the one owned by the *Compagnie marocaine*.

The *Compagnie marocaine* was indeed the second most influential bank in Morocco behind Paribas. The interesting fact is that its influence in Morocco also dates back from the period before the protectorate. It was originally the *Société Gautsch* supported by *Schneider* which theoretically issued the 1902 loan that amounted to 7.5 millions francs (since it did not have the necessary funds, the loan was finally funded by Paribas ,see Section 2.1.3.). It became the *Compagnie marocaine* in 1902 in order to issue the 1904 loan but lost the support from the Quai d'Orsay. The *Compagnie marocaine* thus started with a very small capital (1,500,000 francs) and had its headquarters in Paris. The Boards was composed by representatives from *Schneider* and the *Banque de l'union parisienne*. Even if its stock market value was higher than Génaroc's one, its activities were much less diverse and were focused on agriculture and real estate.

The modest shares owned by Paribas in Génaroc as well as the minority shareholding of Génaroc in most of the companies detailed in TABLE 16 must not hide its effective power. In addition to its financial resources, Paribas had the reputation, the network and the ability to mobilize other banks' resources. The low financial participation of Paribas, as it was the case for the 1904 and 1910 loans should not be interpreted as a limit to its influence. Paribas was undoubtedly the leader among its banking consortium. The minority shareholding is actually a strategy to finance investments at a lower cost, while ensuring the other banks loyalty and without losing its decision power.

TABLE 16:
Génaroc's portfolio in 1953

Financial corporations and insurances
Assurance France-colonies
Omnium marocain
Assurance France-Maroc
Société mobilière de l'Afrique du Nord
Assurance France-colonies

Public works
Hydraulique-Afrique
Compagnie des chemins de fer du Maroc
Énergie électrique du Maroc
Compagnie franco-espagnole du chemin de fer de Tanger à Fes
Société marocaine de distribution d'eau, de gaz et d'électricité
Société chérifienne de matériel industriel et ferroviaire
Omnium nord-africain
Compagnie des chemins de fer du Maroc oriental
Compagnie d'éclairage et de force au Maroc
Compagnie fasi d'électricité
Société générale pour le développement de Casablanca
Société africaine de transports industriels
Société du port de Tanger
Compagnie du chemin de fer de Paris à Orléans
Société marocaine pour l'équipement industriel
Société chimique et routière chérifienne
Société d'études de travaux navals et aéronautiques
Société africaine de transports et d'exploitation de conteneurs
Société d'études pour l'aménagement du Haut-Sebou
Société chérifienne d'exploitation d'ouvrages maritimes
Compagnie des tramways et autobus de Casablanca

Mining sector
Société des charbonnages nords-africains
Société d'études et d'exploitations minières du Tadla
Société des mines Sainte-Marie
Société des mines de Bou-Jaber
Société d'études minières de l'Ouarzemine
Syndicat de recherche de la fluorine au Moyen-Atlas

Oil
Syndicat des pétroles au Maroc
Société chérifienne des pétroles
Compagnie française des pétroles au Maroc
Compagnie algérienne des pétroles du Tliouanet
Société d'études d'exploitation des pétroles en Algérie

Plantations
Société marocaine de culture et d'élevage
Société marocaine d'exploitations forestières
Compagnie africaine des plantes à parfum
Société de Lalla Mimouna

Building sector and real estate**Société d'habitations au Maroc**

Société des carrières marocaines

Société d'études générales et d'aménagement au Maroc

Omnium technique de l'habitation

Compagnie immobilière franco-marocaine

Société immobilière "Provence"

Trade and food**Société anonyme de pêcheries et de conserves alimentaires**

Société marocaine des magasins généraux

France-Auto

Syndicat d'études pour l'équipement frigorifique de l'Afrique

Compagnie des boissons hygiéniques de Casablanca

Société Maroc-Ciment

Press

Imprimeries réunies

Société nouvelle d'information et de publicité

Agence extérieure et coloniale

Le Petit Casablançais

Others**Société des moulins du Maghreb****Société anonyme marocaine d'approvisionnement**

Maison des étudiants du Maroc à Paris

Source. HATTON, G. (2009), p.258, and SAUL, S. (2016), p.481.

5.3 A company indirectly controlled by Paribas: *Énergie électrique du Maroc*

The largest part of Moroccan debt was dedicated to invest in Moroccan infrastructures, as it is testified both by the amount of money lent to public works companies (TABLE 11) and the spending distribution of direct loans (TABLE 12 and TABLE 13). The *Banque de Paris et des Pays-Bas*, which managed the loan issuance, controlled through Génaroc some the companies which benefited the most from these loans. One of the most emblematic companies highly involved in Morocco's infrastructure building and controlled by Paribas was *Énergie électrique du Maroc* (EEM).

EEM was a French limited company founded in 1924 and having its headquarters in Paris, as all the companies belonging to Paribas' group (they were called "Sociétés du Boulevard Saint-Germain"). EEM was created originally by the *Compagnie des chemins de fer du Maroc* in order to provide them the energy they needed. As soon as it was funded, EEM obtained the monopoly over the production of electrical energy in Morocco.

TABLE 17:
Distribution of EEM's capital in 1923 and 1956

	1923		1956	
	Shares A	Shares B	Shares A	Shares B
Compagnie des chemins de fer du Maroc	62.02%	81.56%	75.05%	23.74%
Société marocaine de distribution	8.88%	14.23%		
Schneider	5.33%	2.40%		
Compagnie générale du Maroc	8.16%			
Banque de Paris et des Pays-Bas	6.46%	0.65%	7.40%	
Société générale d'entreprise	5.22%	6.02		
Compagnie marocaine	1.13%	1.15%		1.41%
Omnium d'entreprises	1.45%			
M. Giros	1.35%			

Source: HATTON, G. (2009) p.220.

In 1923, its capital amounted to 20 millions francs divided in 8,000 shares A (granting 10 votes) and 32,000 shares B (which granting 1 vote). This capital increased up to 2 billions francs in 1956 divided in 128,000 shares A and 512,000 shares B. The evolution of the distribution of these shares is displayed in TABLE 17. There is little difference between 1923 and 1956. The *Compagnie des chemins de fer du Maroc* - which belonged to Paribas' group - remained undoubtedly the most important shareholder of EEM. The Board was thereby mainly composed by administrators from Paribas. After the Second world War for example, EEM's president - René Martin - was also Paribas' director and Génaroc's president. The honorary president was André Laurent-Atthalin, a former president of Paribas.

The growth of electricity consumption in Morocco led EEM to need massive investments. A impressive number of loans was therefore issued : 14 loans between 1944 and 1955 (see Appendix). The bond issuance to the public was ensured by the main Parisian banks which were part of the banking consortium led by Paribas (*Crédit Lyonnais, Société générale, Comptoir national d'escompte de Paris*). However these loans were not sufficient to finance EEM's activity. Between 1948 and 1952, French savings financed only 11% of the costs⁷⁴. The company needed actually short term cash advances which heavily burden its budget. Overall EEM had a difficult financial situation. Its debt kept growing while it was harder to rely on French savings because of the political situation in Morocco in the 1950s. As a consequence, in 1951 EEM was mostly financed through the Moroccan state investments (43.58%) and short term resources (35.31%).

⁷⁴SAUL, S. (2016). *Intérêts économiques français et décolonisation de l'Afrique du Nord (1945-1962)*. Librairie Droz, Publications d'histoire économique et sociale internationale. p.233

Conclusion of Section 5

This short section aimed at highlighting two intuitions. First, it draws a link between the Moroccan indebtedness before the protectorate and the organization of the economy during the protectorate. Indeed, debt durably modified the balance of economic powers in Morocco. Paribas, by heading the State Bank of Morocco and by leading Génaroc even before the protectorate, ensured its dominant position within the colonial economy. The irony is that Génaroc's main rival in Morocco - the *Compagnie marocaine* - was as well present in the country since the debt crisis preceding the protectorate.

The second intuition to highlight is that the evolution of debt is also in turn impacted by the balance of powers within the economy. The institution in charge of loan issuance was the State Bank of Morocco and one of the company which benefited the most from loans was *Énergie électrique du Maroc* (10% in constant value of the total amount borrowed by Morocco over the period 1912-1956), and both were headed by Paribas.

It must however be recalled that if Paribas' importance in Morocco cannot be denied, Morocco's importance for Paribas was secondary if not negligible. Morocco is indeed barely mentioned in the bank's history (Bussière, 1982).

General conclusion

Although this thesis is organized by historical periods, it aims at providing consistent historical series in order both to measure trends and to have the means to compare different situations.

Trade data are the one available on the longer time period. Out of the 81 years of data, only 10 display a positive trade balance, most of them being in the 1870s. The trade balance deficit is therefore a structural fact in Morocco, and is an indicator of its difficult integration to the world economy. The initial deficit followed the 1878-1885 crisis due to natural disasters. It became structural once Moroccan products lost their competitiveness at the international level while more and more foreign goods penetrated the Moroccan market. If the protectorate ended the troubled period of the 1900s, it did not reverse the previous trend. On the contrary the trade deficit deepened. This is partly due to the Algeiras Act which established a particular situation in Morocco, characterized by low rates.

Understanding the extent and the structural nature of the trade deficit was a necessary step before estimating Morocco's indebtedness. Although the historical series start in 1902, the weight of the most important debts preceding this date has been estimated. The 1860 Spanish war compensation appeared thereby to be considerable, amounting to approximately 25% of the GDP at that time. This is far larger than the other 1894 Spanish war debt - that amounted to less than 4% - and more than twice larger than the French-Spanish compensation in 1907 (12%). The evolution of Morocco's indebtedness over the studied period could be unexpected to some extent. Before the protectorate in particular, it seems surprisingly low, amounting to only 10% of GDP in 1904 and reaching a peak in 1910 (around 40%). It is nonetheless easily understandable once the political situation of the country: the Maghzen lost the control of most of the country in the decade preceding the protectorate. The debt burden became unbearable for the central government while it was not excessive regarding to the production of the country. The evolution of indebtedness once the protectorate is established could on the contrary be anticipated. The numerous loans that participated to offset the trade balance deficit and that aimed at building the country's infrastructure increased Morocco's debt burden. This evolution of this weight was actually significantly impacted by global events. The deflation in the 1930s partly explains the level of the peak reached in the mid-1930s, which reached 70% of the GDP. In the 1940s, the massive inflation due to the Second World War is the major cause to explain how quickly the debt burden vanished. It indeed amounted to less than 5% in 1949 before increasing again in the 1950s with a new investment effort before the independence. It remained nonetheless contained to less than 30% of the GDP, at a time of an important inflation. The Second World War, which is often seen as the main cause of the decolonization process, could then have helped it in another indirect manner: it destroyed European colonial capital and cancelled the colony's debt through inflation.

Documenting the debt burden mechanically led to study government receipts and expenditures. As underlined above, the government receipts were the key variable to understand Moroccan indebtedness. Before the protectorate, the Maghzen's receipts amounted indeed to only 1-3% during this decade. As a consequence, the external debt represented 10 years of state receipts in 1904, 12 years in 1910, which explained why it was unbearable. Once the protectorate

was established, state receipts increased as the tax system was transformed, but remained modest, amounting appropriately to 10% of the GDP. It was nonetheless enough to support a higher debt level. The comparison between receipts and expenditures enabled to highlight interesting elements about the Moroccan economy. Most of the time, the country benefited from budgetary surplus (33 years over the 41 years available during the protectorate). It revealed the nature of both the Moroccan debt - which was mainly accumulated through foreign loans - and the investment effort realized - the surplus being allocated mostly to investment spending. Within government expenditures, a category is better known than others: the debt servicing. We had indeed data for debt servicing before the protectorate whereas it is not the case for other spending. It therefore provided another evidence of the extent of the indebtedness crisis before 1912, since it amounted on average to 40% of the state receipts. If the Moroccan debt was mainly cancelled through inflation, the government regularly serviced its debt: the debt servicing was most of the time comprised between 15% and 30% of the state receipts.

The historical series of the main variables displayed in this work helped to shed new light on issues specific to a time period.

The period preceding the protectorate could be linked to the literature focused the role of debt in European expansionism in the age of empires. If war compensation were numerous and sometimes very large, they cannot be the only source of Moroccan indebtedness. Some explanatory factors are part of a longer term trend, such as Morocco's weakening through trade openness and the Maghzen's political structure. Other rely on short term elements, such as the convergent views of finance and diplomacy in France in 1903, and the Entente cordiale between Britain and France.

The period of the protectorate contributes to the debate on the financial transfers between France and its colonies. The loans appeared to be an important part of the capital flows from France to Morocco offsetting the Moroccan trade deficit, since they represented between a quarter and a third of the total capital inflows. Even if evidence are still scarce, the larger part of these loans was devoted to infrastructure building. Between 60% and 70% of the sum directly borrowed by the central government were indeed dedicated to infrastructure building. Moreover, one quarter of the total sum in constant value lent to Morocco went to firms in charge of building the main equipments of the country, such as railways or electricity.

Finally, this work did not neglect the political nature of public debt underlined in introduction, that has been documented in two ways.

Firstly, the political nature of debt has been explored through its institutional and administrative consequences. Debt indeed implied debt monitoring and lead to the establishment of a French *Contrôle de la dette* in 1904 which anticipated the protectorate. Since the debt crisis was also due to a structural monetary crisis, debt led to the organization of the monetary system in Morocco with the creation of the State Bank of Morocco in 1907. If the question of its creation was raised during the negotiations of the 1904 loan contract, it was created only after the Algeciras Conference in 1906. Contrary to other countries in which debt led to international financial controls, debt in Morocco's case led to the French supremacy. The French preponder-

ance was actually a necessary condition to the 1904 loan. The debt institutions were then both a materialization of the French preponderance in Morocco and the way it could firmly anchor its new supremacy, the establishment of the protectorate being the last step of this process.

Secondly, debt durably modified the balance of power in Morocco. The most obvious transfer of power is the establishment of the protectorate which deprived Morocco from its sovereignty. The power obtained by the *Banque de Paris et des Pays-Bas* in Morocco is more hidden. This bank indeed led the banking consortium - which organized the 1904 and 1910 loan - and took the head of the State Bank of Morocco at its creation in 1907. The State Bank of Morocco then became the pivot of the influence of Paribas within the Moroccan economy. This dominant position is illustrated by the list of the financial holdings owned by Génaroc in Morocco, which indirectly controlled some of the most powerful firms in the country such as the ONA and *Énergie électrique du Maroc*.

Despite all the data displayed in this thesis, many are still lacking to have a complete picture of Moroccan indebtedness over the studied period.

As stressed several times, it was mostly external debt that interested us. Providing more information on internal debts especially before the protectorate would be a major improvement of this work. External debt could also be more documented by studying smaller debts contracted by the Maghzen at the end of the XIXth century, in order to provide a consistent debt/GDP ratio starting from 1860.

More generally, this work could be usefully completed by Moroccan archives if they are available, in order to have an idea of the Maghzen's expenditures before 1912. Another work could explore how the Maghzen envisaged its indebtedness before the protectorate. The role of the different ministries which were under different foreign influence should be more documented, even though it is already partly studied by Guillen (1973).

Finally, a last blind spot in this thesis is the distributional consequence of public debt. The last Section aimed at filling part of this gap, by explaining how debt gave power to specific actors in the Moroccan economy. This approach could have been generalised to understand which social groups benefited or suffered the most from the evolution of indebtedness. The power of Paribas in Morocco and the loss of the savers who invested in Morocco bonds during the interwar period were only the two most evident cases.

6 Appendix

6.1 Moroccan loans between 1904 and 1956 by chronological order

TABLE A.1.
Moroccan loans between 1904 and 1956

Loans	Amount issued (current francs)	Security	Duration
Direct loans borrowed by the Moroccan State			
5% 1904	62,400,000	Customs revenue	35 years
5% 1910	101,124,000	Customs revenue	74 years
4% 1914	73,870,000	Secured by France (16 March 1914)	75 years
5% 1918	204,464,000	Secured by France (6 March 1914 and 25 March 1916)	71 years
1922 (Crédit Foncier)	150,000,000	Secured by France (19 August 1920)	40 years
1923 (Crédit Foncier)	150,000,000	Secured by France (19 August 1920)	40 years
4.5% 1929	325,000,000	Secured by France (19 August 1920)	75 years
4% 1930	425,000,000	Secured by France (22 March 1928)	75 years
4% 1931	391,000,000	Secured by France (22 March 1928)	75 years
4.5% 1932	1,000,000,000	Secured by France (27 April 1932)	65 years
5% 1933	400,000,000	Secured by France	
5% 1934	550,000,000	Secured by France (13 January 1933)	
3.5% 1942	540,000,000		37 years
3.5% 1944	540,000,000		
3.5% 1945	1,200,000,000		25 years
3.5% 1946	1,500,000,000		40 years
1946	110,000,000		
1946	110,000,000		
1950	4,500,000,000		
4.5% 1952	890,000,000		
6% 1954	500,000,000		20 years

Bons d'équipement		
3.5% 1948	3,000,000	
4% 1949	2,000,000	
1951	3,200,000,000	

Indirect loans secured by the Moroccan State		
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<i>Société des ports marocains de Ménédy-Kénitra et Rabat-Salé</i>		
5% 1919	27,000,000	61 years starting from 1920
6% 1920	40,000,000	60 years starting from 1921
6% 1923	110,000,000	58 years starting from 1923
6.5% 1927	60,000,000	25 years starting from 1928

<i>Compagnie des chemins de fer du Maroc Oriental</i>		
6% 1928	55,000,000	25 years
4.25% 1930	40,000,000	35 years starting from 1930

<i>Compagnie du Port de Fédala</i>		
6% 1921	7,850,000	40 years starting from 1926
5.30% 1933	8,500,000	30 years

<i>Société d'énergie électrique du Maroc</i>		
7% 1924	20,000,000	25 years starting from 1935
7% 1926	36,650,000	10 years
7% 1927	60,000,000	25 years starting from 1935
4.5% 1930	65,000,000	30 years starting from 1935
5% 1932	70,000,000	30 years starting from 1935
5% 1935	110,937,000	50 years starting from 1936
4% 1942	250,000,000	
4% 1942	25,000,000	
3.5% 1944	170,000,000	
3.75% 1945	225,000,000	
(April)		
3.75% 1945	275,000,000	
(September)		
3.75% 1946	500,000,000	
(March)		
4% 1946	800,000,000	
(November)		
5% 1948	600,000,000	
6.25% 1950	600,000,000	
6% 1951	2,500,000,000	
6.5% 1952	600,000,000	
(January)		

1952 6.5%	700,000,000	
(December)		
1953	1,201,000,000	
1954	500,000,000	
(July)		
1954	714,000,000	
6% 1955	1,000,000	
<i>Compagnie des Chemins de fer du Maroc</i>		
6% 1922	200,000,000	65 years starting from 1935
6% 1923	14,000,000	
6.5% 1923	182,500,000	
7% 1926	200,000,000	15 years starting from 1935
4% 1930	50,000,000	30 years starting from 1935
5% 1933	80,000,000	30 years starting from 1935
5% 1933	35,000,000	30 years starting from 1935
1950	500,000,000	
4% 1954	700,000,000	
<i>Société du port de Tanger</i>		
7% 1928	33,500,000	25 years starting from 1938
5% 1931	42,000,000	60 years starting from 1938
<i>City of Casablanca</i>		
6.80% 1921	50,000,000	30 years
<i>City of Safi</i>		
1924	4,000,000	
<i>Chambre de Commerce et d'Industrie de Casablanca</i>		
5.35% 1933	19,500,000	30 years

Source: Crédit lyonnais, DEEF 73186 and DEEF 734742

6.2 Use of the sums borrowed by Morocco between 1922 and 1932

The TABLE 4.4. in Section 4 displayed an average over 10 years of the use of the sums borrowed by Morocco. The two following tables detail the original allocation of expenditures as they were found in BNP Paribas' archives.

TABLE A.2.
Between 1922 and 1927

	1922	1923	1924	1925	1926	1927
1.	50 000	455 000	600 000	390 000	760 000	0
	0.07%	0.52%	1.08%	0.77%	1.10%	0.00%
2.	0	300 000	440 000	780 000	995 788	5 307 288
	0.00%	0.34%	0.79%	1.54%	1.44%	9.68%
3.	0	100 000	700 000	250 000	868 000	1 080 000
	0.00%	0.11%	1.26%	0.49%	1.26%	1.97%
4.	1 030 000	440 000	549 000	675 000	1 500 000	0
	1.47%	0.51%	0.99%	1.33%	2.17%	0.00%
5.	650 000	60 000	367 000	200 000	430 000	0
	0.92%	0.07%	0.66%	0.39%	0.62%	0.00%
6.	0	920 000	2 600 000	850 000	4 000 000	0
	0.00%	1.06%	4.67%	1.68%	5.80%	0.00%
7.	56 900 000	64 450 000	36 067 000	34 900 000	40 725 000	25 130 000
	80.93%	74.10%	64.80%	68.86%	59.01%	45.85%
8.,	1 200 000	3 660 000	3 400 000	3 657 725	4 297 800	1 835 000
	1.71%	4.21%	6.11%	7.22%	6.23%	3.35%
9.	2 000 000	915 000	1 000 000	900 000	1 100 000	1 300 000
	2.84%	1.05%	1.80%	1.78%	1.59%	2.37%
10.	0	0	700 000	50 000	450 000	1 500 000
	0.00%	0.00%	1.26%	0.10%	0.65%	2.74%
11.	6 000 000	9 745 000	2 730 000	1 500 000	5 524 000	10 747 500
	8.53%	11.20%	4.90%	2.96%	8.00%	19.61%
12.	1 770 000	4 380 000	3 765 000	3 841 000	5 408 000	4 158 500
	2.52%	5.04%	6.76%	7.58%	7.84%	7.59%
13.	706 000	550 000	620 000	300 000	638 500	905 000
	1.00%	0.63%	1.11%	0.59%	0.93%	1.65%
14.	0	1 000 000	2 125 000	2 389 000	2 320 000	2 840 000
	0.00%	1.15%	3.82%	4.71%	3.36%	5.18%
Total	70 306 000	86 975 000	55 663 000	50 682 725	69 017 088	54 803 288
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Legend: 1. Contrôle Civil 2. Affaires indigènes 3. Sécurité 4. Justice 5. Finances 6. Domaines 7. Travaux publics 8. Agriculture, Commerce et colonisation 9. Eaux et forêts 10. Propriétaire foncière 11. Postes, Télégraphes, Téléphones 12. Enseignement 13. Beaux Arts et monuments 14. Santé et Hygiène publique
Source. BNP Paribas 6/CABET/1/74

TABLE A.3.
Between 1928 and 1932

	1928	1929	1930	1931	1932
Affaires chériennes	0	0.00%	0	0.00%	400 000
Affaires indigènes	600 000	0.21%	1 296 250	0.40%	850 000
Contrôle Civil	2 283 000	0.79%	2 312 500	1.37%	4 475 000
Sécurité	5 552 000	1.91%	2 102 000	0.87%	1 070 000
Assistance	0	0.00%	0	0.00%	1 000 000
Justice	2 000 000	0.69%	2 500 000	1.12%	1 300 000
Finances	2 575 000	0.89%	3 025 000	1.07%	1 700 000
Domaines	5 000 000	1.72%	5 000 000	3.61%	11 500 000
Travaux publics	228 600 000	78.81%	73 375 000	53.02%	422 000 000
Agriculture.	5 284 000	1.82%	9 315 000	3.88%	10 000 000
Commerce et colonisation					
Eaux et forêts	1 700 000	0.59%	2 600 000	1.46%	2 100 000
Propriétaire foncière	960 000	0.33%	960 000	1.20%	0
Service topographique	0	0.00%	0	0.00%	1 200 000
Postes. Télégraphes.	17 005 800	5.86%	17 056 000	7.20%	6 800 000
Téléphones					
Enseignement	13 000 000	4.48%	12 500 000	15.60%	25 340 000
Beaux-Arts et monuments	1 002 000	0.35%	840 000	0.83%	1 030 000
Santé	4 508 000	1.55%	9 650 000	3.45%	5 250 000
Total	290 069 800	100.00%	138 391 750	100.00%	496 015 000

Source. BNP Paribas 6/CABET/1/74

6.3 Technical notes on the main estimates

6.3.1 Moroccan GDP estimates

There is no official data on Moroccan GDP before 1950, so GDP data displayed here must be understood only as attempts to have a broad idea of the GDP level at that time. All the estimates are derived from Samir Amin (1966). He is indeed the only one to have tried to estimate the Moroccan GDP in 1920 and in 1930 in 1955 francs: Angus Maddison relied on him for his GDP estimates in North Africa before 1950.

Between 1920 and 1950, I directly used the figures computed by Amin in 1920, 1930 and 1955⁷⁵. I therefore computed a compound annual growth rate in order to have GDP figures for each year. Figures for the years 1951-1956 were directly known⁷⁶

Before 1920, the estimates are derived from Maddison (2006), who extrapolated Amin's estimates. He computed some proxies of Moroccan GDP in 1820, 1870 and 1913. I relied on those proxies to compute compound annual growth rates between each date. With those annual growth rates, I computed yearly GDP for each year between 1860 and 1920 starting from Amin's figure in 1920.

One issue raised by the fact of deriving GDP figures in the XIXth century from Amin's figures is that we probably overestimate the market production in Morocco in the XIXth. Morocco has always been a commercial hub since it linked the sub-Saharan Africa with the Mediterranean Sea and Europe. The market production computed by the GDP has then always been relatively important. Self-consumption was obviously important as well but was probably not that lower in the XIXth compared to 1920.

The GDP figures were therefore initially expressed in constant francs 1955 following Amin's estimates. Since most of the other data I had were expressed in current francs, I chose to convert these GDP figures in current francs. This computation then rests on the reliability of a price index (See Section 6.2.2.).

6.3.2 Price index

The TABLE A.4. details the price index used in this thesis. It is primarily used to derive current GDP since the initial figures were computed in francs 1955. It was also necessary to compute the difference between the current and the constant debt.

The main difficulty was to find a reliable Moroccan price index. One is available in *Tableaux économiques du Maroc, 1915-1959* (1960) that starts in 1939 - this is why most of the figures in constant currency are expressed in francs 1939. Before 1939, none was available. I thus merged this Moroccan price index with a French price index, as Hatton (2009) did in his book. The French price index was taken from Thomas Piketty's website (<http://piketty.pse.ens.fr/en/articles-de-presse/56>, Annexe F). It differs from the INSEE price index used by Hatton (2009) to the extent that it uses also Villa's consumption price index. The difference between the two indexes relies in particular between the years 1901-1914. Villa's price index seems more reasonable since INSEE's index displays non-null inflation rates only for the years 1906-1907.

⁷⁵ AMIN, S. (1966). *L'économie du Maghreb*. Éditions de Minuit. p.105

⁷⁶ AMIN, S. (1966). *L'économie du Maghreb*. Éditions de Minuit. p.315.

TABLE A.4.
Price index in Morocco between 1860 and 1956

Year	Price index	Year	Price index
1860	0.137	1908	0.121
1861	0.137	1909	0.121
1862	0.137	1910	0.124
1863	0.137	1911	0.137
1864	0.173	1912	0.135
1865	0.173	1913	0.140
1866	0.173	1914	0.140
1867	0.173	1915	0.166
1868	0.220	1916	0.186
1869	0.222	1917	0.223
1870	0.212	1918	0.289
1871	0.212	1919	0.361
1872	0.212	1920	0.496
1873	0.212	1921	0.434
1874	0.208	1922	0.417
1875	0.200	1923	0.463
1876	0.177	1924	0.528
1877	0.185	1925	0.566
1878	0.182	1926	0.737
1879	0.169	1927	0.769
1880	0.193	1928	0.768
1881	0.173	1929	0.815
1882	0.169	1930	0.822
1883	0.165	1931	0.790
1884	0.157	1932	0.719
1885	0.130	1933	0.696
1886	0.132	1934	0.667
1887	0.125	1935	0.612
1888	0.126	1936	0.656
1889	0.127	1937	0.826
1890	0.120	1938	0.938
1891	0.122	1939	1.000
1892	0.121	1940	1.300
1893	0.119	1941	2.160
1894	0.123	1942	2.690
1895	0.120	1943	3.310
1896	0.118	1944	4.260
1897	0.115	1945	4.500
1898	0.116	1946	8.010
1899	0.118	1947	13.260
1900	0.118	1948	19.980
1901	0.119	1949	20.910
1902	0.117	1950	22.090
1903	0.117	1951	26.790
1904	0.115	1952	29.170
1905	0.115	1953	28.810
1906	0.117	1954	27.200
1907	0.118	1955	27.520
		1956	28.180

Since the Piketty-Villa price index starts in 1890, I had to find other data on prices between 1860 and 1890. Deriving a price index before 1890 was the most difficult but necessary to have a broad idea of the current GDP in 1860 when Spain forced Morocco to pay war compensations. The period between 1860 and 1890 is also a troubled period in Morocco's history, with large recessions, price increases and also price drops. I therefore had to built myself a basic price index based on prices data found in Miège (1962)⁷⁷ and (1969)⁷⁸. I thus assumed that the prices of some goods found in it were representative of the general price evolution :

- Prices of wool, grain, rubber and goat skins are available between 1883 and 1890 in Miège (1969) p.244.
- Prices of wool were available between 1860 and 1885 in Miège (1963), p. 152 & 409.
- Prices of rubber were available between 1853 and 1870 (p. 87)

Their evolution was indeed in line with the general price evolution that we could expect in Morocco following the descriptions of the country at that time: a price increase due to an increased activity until 1873 followed then by a general crisis. To sum up, the relevance of the price index I used grows as it gets closer to the present.

6.3.3 Debt estimates

Before 1910 The debt figures displayed are not exactly the public debt, but the external debt, as it has been underlined several times. However, since the 1904 loan can be understood as a debt consolidation loan, aiming to pay back all the previous debts, the external debt and the public debt can be considered as equal from 1904 onwards. I therefore assumed that as of 1904, the sultan borrows only from Europeans. The debt figures before 1912 were simply the sum of the debts which were recorded in the studied archives (TABLE A.5.). My debt estimates are then likely to be underestimated, since we can never be sure that we know all the debts contracted over this period.

The yearly debt figures is therefore computed as the accumulation of these debts. The 1902 debts were reimbursed by the 1904 loan, while all the cash advances and the German loan were reimbursed by the 1910 loan. The 1907 French-Spanish war compensation is only reimbursed with the 1914 and 1918 loans. The line "Other debt" is where I had to make some assumptions. A document in 1910 on the debt reimbursed by the 1910 loan indeed recorded a sum of 56,000,000 francs as "Other debts". I thus assumed that this stock of debt increased by an equal amount each year since 1905. It thus amounted to 11,200,000 francs in 1905, 22,400,000 francs in 1906 etc. I took into account the yearly reimbursements of these debt in accordance with the debt servicing data.

Between 1910 and 1937 The debt figures are directly extracted from Crédit Lyonnais' archives (DEEF 73186 and DEEF 73474-2). They are coming from annual reports made on

⁷⁷MIÈGE, J. L. (1963). *Le Maroc et l'Europe, 1830-1894*. Presses universitaires de France. 4. Vers la crise.

⁷⁸J.-L. MIÈGE, (1969). *Documents d'histoire économique et sociale marocaine au XIXe siècle*. Publications du Centre de Recherches sur l'Afrique Méditerranéenne, Paris, éditions du CNRS.

TABLE A.5.
External Debt in Morocco between 1902 and 1912

Debts	Initial amount (francs)
Coinage fees in 1902	3 174 192
1902 France Loan	7 500 000
1903 Spanish & British Loans	14 000 000
1904 Loan	62 500 000
1905 German Loan	12 500 000
1906 cash advance	2 000 000
1907 cash advance	1 500 000
1908 cash advance	2 500 000
1907 French-Spanish compensation	76 000 000
1910 Loan	101 124 000
Other debts	

Source: BNP Paribas, 6CABET/1/74, PTC/112/49 and Crédit Lyonnais, DEEF 73474-1

Morocco named *Situation financière* for the years 1925, 1928, 1930, 1931, 1933, 1934 and 1937. These reports computed the debt level in Morocco for a specific year. The TABLE A.6. is an example of how the debt level was computed for the year 1925.

Debt was separated in two categories, direct and indirect debt, and the amount still in circulation of each loan was detailed for each year. The only computation needed was therefore to fill the capital in circulation in the years were the Crédit Lyonnais' studies were not available. For many loans, the amortization started several years after they were issued. For the most important loans, such as the 1910 or the 1918 loan, the full amortization tables were available. It must be noted than in TABLE A.6., the capital of circulation of the 1910 loan is higher than the initial capital. This is due to the fact that the bonds were actually mostly hold in pesetas by Spanish savers. The depreciation of the French franc therefore mechanically increased the burden of the 1910 loan.

Between 1937 and 1949 The Crédit Lyonnais' studies were unfortunately unavailable after 1937. The figures in 1938, 1942 and 1948 are figures directly quoted from other studies within the same archives. Whereas before 1937, the studies analysed as such the financial situation in Morocco and provided a detailed record of debt, after 1937, debt analyses were included in more general economic studies. As a consequence they only provided the total direct debt and the total indirect debt, which still enabled to have debt figures in 1939, 1942 and 1948. The war has also probably disturbed the activity of French banks in Morocco. If many data points are lacking between 1937 and 1949, a clear trend is however observable.

Between 1949 and 1956 I relied on figures displayed in *L'évolution économique du Maroc*, (1958) which were computed by the Ministry of Finance. These debt figures are computed exactly the same way as banks did before the war: public debt is again divided between direct loans to the Moroccan government and indirect loans to firms secured by the Moroccan government. Other type of debt (floating debt) are negligible.

TABLE A.6.
Public debt in Morocco in 1925

Loans	Capital in circulation in 1925
Direct loans from the Moroccan State	
5% 1904	42 351 000
5% 1910	295 737 000
4% 1914	71 811 000
5% 1918	201 918 000
Emprunt 1922 au Crédit Foncier	143 000 000
Emprunt 1923 au Crédit Foncier	147 000 000
Total direct loans	901 817 000
Loans secured by the Moroccan State	
Société des ports marocains de Méhédya-Kénitra et Rabat-Salé	
5% 1919	24 000 000
6% 1920	40 000 000
6% 1923	110 000 000
Compagnie du Port de Fédala	
6% 1921	7 850 000
Energie Electrique du Maroc	
Compagnie des Chemins de fer du Maroc	
6% 1922	214 000 000
6.5% 1923	182 500 000
6% 1923	14 000 000
City of Casablanca	
6.80% 1921	46 000 000
City of Safi	
1924	4 000 000
Total indirect loans	662 683 333
Total debt	1 564 500 333

TABLE A.7.
Comparison with Hatton's debt estimates (p.158)

	Hatton's debt estimates (millions of euros)	Hatton's debt estimates (current francs)	Debt servicing (current francs)	My debt estimates (current francs)
1937	461	307 986 243	296 842 000	4 901 000 000
1938	473	313 337 540	338 009 000	
1939	476	335 695 178	332 107 000	5 530 000 000
1940	401	348 276 433	321 858 000	
1941	380	38 452 199	336 433 000	
1942	418	338 749 314	341 494 000	5 800 000 000
1943	445	353 087 222	335 679 000	
1944	464	348 454 854	331 992 000	
1945	421	357 061 010	482 773 000	
1946	467	418 124 703	730 803 000	
1947	517	762 630 695	942 958 000	
1948	670	951 975 307	2 322 355 000	12 800 000 000
1949	696	2 468 973 607	1 915 636 000	14 800 000 000
1950	794	2 127 093 410	2 690 042 000	61 600 000 000
1951	852	2 890 373 503	4 000 315 000	83 100 000 000
1952	974	3 626 481 889	5 805 563 000	95 600 000 000
1953	1132	6 028 503 277	7 166 999 000	120 300 000 000
1954	1215	7 685 869 816	9 359 624 000	135 400 000 000
1955	1314	8 897 716 263	9 615 760 000	178 400 000 000

Source. HATTON G. (2009), p.158. Crédit Lyonnais 73474-2 for the year 1937. Crédit Lyonnais DEEF 73186 for the years 1939, 1942 and 1948. *L'évolution économique du Maroc*, (1958) for the period 1949-1956.

To my knowledge, the only economic historian who also attempted to estimate public debt in Morocco during the protectorate is George Hatton (2009), *Les enjeux financiers et économiques du protectorat marocain (1936-1956)*. However, once converted in current francs, they were considerably lower than my estimates over the same period. I realised afterwards that his figures were actually close to the figures I had for debt servicing (TABLE A.7.).

6.3.4 Government revenues and spending

After 1912 Government receipts and spending are directly derived from a dataset on Moroccan protectorate budgets built for the Afristory project obtained thanks to Denis Cogneau. This dataset is composed by for budgets which include data for every year between 1913 and 1956⁷⁹, except 1931 which is missing:

- *Budget ordinaire*. It is composed of direct and indirect taxes, customs revenues and financial transfers. Customs revenues are not available before 1918, probably because they were perceived by the *Contrôle de la Dette*. I thus filled this gap thanks to data found in BNP Paribas archives .
- *Budget extraordinaire sur fonds d'emprunt*. It is financed by loans.
- *Budget spécial*. It is financed both through a *fonds de réserve* which are transfers from the *budget ordinaire* and through external transfers.
- *Budget de l'équipement* started in 1953 and is mainly devoted to infrastructure building. It is financed through indirect taxation (*Impôt sur les chemins de fer*) and transfers both from the *budget ordinaire* (*fonds de réserve, fonds de concours du budget ordinaire, caisse spéciale des travaux publics* and foreign loans.

The four budgets are theoretically independent and can finance each others. There are for example transfers between the first two budgets and the latter two. This dataset suffers thus from an overestimation resulting from a double counting, which is difficult to control. Finally, there are also some archival gaps: if data from the *budget ordinaire* are regularly entered, data from other budgets are probably missing for some years.

In order to compute the primary state receipts, I thus made the following computation:

$$\begin{aligned} \text{Receipts} &= \text{receipts from the } \textit{budget ordinaire} \\ &\quad - \text{budgetary transfers} \\ &\quad + \textit{Impôt sur les chemins de fer} \end{aligned}$$

The budgetary transfers include mainly loans receipts, but also financial transfers from municipalities and the *fonds de concours*. The state receipts include therefore only the direct and indirect taxation:

- Direct taxation: Impôts personnels (tertib, impôts fonciers), Patentes et licences, taxes locatives, impôts de capitation, contributions arabes, taxes diverses sur les bénéfécies.

⁷⁹Data between 1913 and 1915 are recorded separately for Eastern and Western Morocco

- Indirect taxation: taxe sur l'alcool et les alcools dénaturés, impôt sur le sucre, taxes sur les denrées coloniales, taxe sur les essences, droit de marchés, enregistrement, timbre, produits administratifs, produits du domaine, produits des exploitations industrielles et des monopoles.
- Customs revenues

Government spending were necessary as well to compute the budgetary deficit/surplus:

$$\begin{aligned} \text{Spending} &= \text{spending from the } \textit{budget ordinaire} \\ &\quad - \text{ budgetary transfers} \end{aligned}$$

In the spending case, most of the budgetary transfers correspond to debt servicing. There were also financial transfers to municipalities and to the *fonds de réserve* and the *Fonds de concours au budget d'équipement*.

Several reasons explain why spending from the *Budget extraordinaire sur fonds d'emprunt*, the *Budget spécial* and the *Budget de l'équipement* were not included. Most expenditures were in those cases were financed through loans and should therefore not be included in spending that are compared to receipts which do not include loans. Parts of these budgets were however financed through reserve funds which are transfers from the *budget ordinaire*. The very nature of these funds is that they are financed through budget surpluses from the *budget ordinaire*. That is why I chose to display these budget surpluses which would have been partly hidden if I had included these reserve funds. Finally, the two last budgets, the *Budget spécial* and the *Budget de l'équipement* were imperfectly recorded as it is underlined above. Data were not always consistent and there was a significant probability of double accounting.

Before 1912 . There is not data for receipts and spending in Morocco before the protectorate. I therefore had to make an assumption to approximate the Maghzen's receipt: I assumed it was no longer able for political reason to perceive direct taxation (See Section 2). Governments receipts were therefore limited to customs revenues and indirect taxation, as displayed in TABLE A.8..

In Crédit Lyonnais' archives, I found a document (DEEF 73474-1) describing the government receipts perceived in 1911. I thus extrapolated the amount of indirect taxation perceived to the years 1902-1911. However, aside from customs receipts, other revenues were negligible in 1911. The best proxies available to estimate the variation of government receipts are therefore customs receipts which were perceived by *oumanas* and European civil servants to reimburse the loan. Customs revenues are thus precisely known only after June 1904, when the loan contract was signed. Customs revenues are known between 1900 and 1903 only through a letter from Saint-René Taillandier to the ministry of Foreign affairs Theophile Delcassé written the 18th June 1904: the Moroccan ministry of finance Mohammed Tazi declared that Moroccan customs revenues amounted to 48,946,670 pesetas hassani between 1900 and 1903 which is equivalent on average to 8,000,000 francs per year.

TABLE A.8.
Government receipts before 1912

	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912
Customs revenues	7 953 635	3 828 391	6 346 323	6 398 293	6 449 161	10 769 017	12 169 918	15 469 972	13 457 753	21 874 634
Surtaxe spéciale			2 500 000			2 500 000	2 500 000	2 500 000	2 500 000	2 500 000
Impôt (achour et zekkat)									3 000 000	3 000 000
Amendes, confiscations	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000
Cadeaux des fonctionnaires									1 000 000	1 000 000
Hadiya									500 000	500 000
Total direct taxation	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	5 500 000	5 500 000
Monopoles	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000	500 000
Droits sur les caravanes	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000
Droits de marchés	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000
Location du domaine impérial	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000	250 000
Revenus des prix du sultan	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000	100 000
Total indirect taxation	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000	1 350 000
Total receipts	10 303 635	6 178 391	8 696 323	8 748 293	11 299 161	15 619 017	17 019 918	20 319 972	22 807 753	31 224 634

Source. The customs receipts were extracted from BNP Paribas PTC/107/11 between 1904 and 1912. The customs receipts in 1903 are derived from letter written by Saint-René Taillandier on the 18th June 1904 to the ministry of Foreign affairs Theophile Delcassé. For other receipts, Crédit Lyonnais DEEF 73474-1

Debt servicing Among governments spendings, debt servicing is well documented. After 1912, debt servicing is well documented in Afristory datasets (Denis Cogneau, PSE). Except for 1931, the amount reimbursed is entered every year in the *budget ordinaire*, on the expenditures side. Before 1912, I relied on data found in BNP Paribas' archives. The amount perceived every year by the French *délégués* to service the 1904 loan was well recorded. After the 1910 loan, I relied on the amortization tables that were also available in BNP Paribas' archives. Regarding other minor loans during the decade preceding the protectorate, there are evidence that they were simply not reimbursed until the 1910 loan.

6.3.5 Trade data

Moroccan foreign trade data can actually be found in Jacques Marseille's appendix (1984) for the period 1904-1956. Since he presented them as the trade with France only I had to find other sources.

Most of them actually come from secondary sources. Between 1871 and 1884, data were extracted from Miège (1962). He found most of his data from the *Foreign Office consular reports*. Between 1889 and 1903, they were extracted from Guillen (1973). He also relied on consular reports, especially the German ones (*Deutsches Handelsarchiv*). Finally, Bbetween 1930 and 1956 I used Hatton's data.

I filled the gap between 1904 and 1930 with data found in Crédit Lyonnais' archives. Between 1904 and 1922, they were extracted from DEEF 31744 while between 1922 and 1935 they were extracted from DEEF 73474-2. It must be noted that the data found in Crédit Lyonnais' archives are data for the French Morocco and that it does not include the Spanish Morocco (even for the period before 1912). There is thus a risk that they do not exactly match the data before 1904. The complete figures can be found in the TABLE A.9. below, except for data between 1885 and 1888 included.

TABLE A.9.
Trade data in Morocco between 1871 and 1956

Years	Imports	Exports	Balance	Years	Imports	Exports	Balance
1871	16 684 000	23 017 000	6 333 000	1916	228 983 000	81 871 000	-147 112 000
1872	21 439 000	30 967 000	9 528 000	1917	270 091 000	116 148 000	-153 943 000
1873	21 026 000	39 157 000	18 131 000	1918	314 380 000	114 965 000	-199 415 000
1874	36 399 000	27 198 000	-9 201 000	1919	479 565 000	227 742 000	-251 823 000
1875	25 492 000	32 592 000	7 100 000	1920	1 000 475 000	268 875 000	-731 600 000
1876	25 035 000	27 341 000	2 306 000	1921	909 164 000	306 447 000	-602 717 000
1877	27 283 000	30 615 000	3 332 000	1922	777 676 000	237 466 000	-540 210 000
1878	22 463 000	17 459 000	-5 004 000	1923	779 751 000	272 384 000	-507 367 000
1879	21 989 000	12 261 000	-9 728 000	1924	925 411 000	622 482 000	-302 929 000
1880	18 248 000	16 190 000	-2 058 000	1925	1 189 427 000	564 481 000	-624 946 000
1881	19 743 000	17 088 000	-2 655 000	1926	1 692 272 000	711 854 000	-980 418 000
1882	21 196 000	13 488 000	-7 708 000	1927	1 798 598 000	851 390 000	-947 208 000
1883	21 087 000	15 957 000	-5 130 000	1928	1 999 545 000	1 275 295 000	-724 250 000
1884	20 590 000	19 422 000	-1 168 000	1929	2 547 431 000	1 233 077 000	-1 314 354 000
1889	29 453 600	19 742 400	-9 711 200	1930	2 208 474 000	719 252 000	-1 489 222 000
1890	26 122 400	24 497 600	-1 624 800	1931	2 075 190 000	761 382 000	-1 313 808 000
1891	27 748 800	26 549 600	-1 199 200	1932	1 785 058 000	684 965 000	-1 100 093 000
1892	28 752 800	24 577 600	-4 175 200	1933	1 532 416 000	600 231 000	-932 185 000
1893	29 864 000	21 912 000	-7 952 000	1934	1 319 705 000	667 395 000	-652 310 000
1894	23 215 200	18 751 200	-4 464 000	1935	1 139 000 000	321 400 000	-817 600 000
1895	25 192 800	11 200 000	-13 992 800	1936	1 150 500 000	781 500 000	-369 000 000
1896	22 432 000	14 227 200	-8 204 800	1937	1 765 600 000	1 143 900 000	-621 700 000
1897	19 814 400	15 322 400	-4 492 000	1938	2 184 900 000	1 512 400 000	-672 500 000
1898	18 206 400	22 496 800	4 290 400	1939	2 255 000 000	1 778 000 000	-477 000 000
1899	23 501 600	22 019 200	-1 482 400	1940	2 142 000 000	2 021 000 000	-121 000 000
1900	24 560 000	28 272 000	3 712 000	1941	1 938 000 000	2 539 000 000	601 000 000
1901	28 775 200	21 152 000	-7 623 200	1942	3 049 000 000	2 065 000 000	-984 000 000
1902	34 416 000	25 216 000	-9 200 000	1943	2 143 000 000	1 509 000 000	-634 000 000
1903	39 960 000	23 403 200	-16 556 800	1944	3 609 000 000	2 665 000 000	-944 000 000
1904	35 772 000	31 964 000	-3 808 000	1945	6 782 000 000	3 902 000 000	-2 880 000 000
1905	31 024 000	26 891 000	-4 133 000	1946	17 529 000 000	10 395 000 000	-7 134 000 000
1906	34 070 000	24 926 000	-9 144 000	1947	33 386 000 000	18 323 000 000	-15 063 000 000
1907	33 926 000	21 624 000	-12 302 000	1948	74 891 000 000	37 232 000 000	-37 659 000 000
1908	44 258 000	42 721 000	-1 537 000	1949	103 321 000 000	53 516 000 000	-49 805 000 000
1909	57 390 000	44 119 000	-13 271 000	1950	115 233 000 000	66 403 000 000	-48 830 000 000
1910	50 845 000	43 793 000	-7 052 000	1951	159 681 000 000	87 159 000 000	-72 522 000 000
1911	69 261 000	70 438 000	1 177 000	1952	180 534 000 000	95 848 000 000	-84 686 000 000
1912	110 657 000	67 081 000	-43 576 000	1953	171 184 000 000	93 826 000 000	-77 358 000 000
1913	181 427 000	40 180 000	-141 247 000	1954	167 933 000 000	99 896 000 000	-68 037 000 000
1914	132 958 000	31 042 000	-101 916 000	1955	173 900 000 000	114 700 000 000	-59 200 000 000
1915	180 133 000	55 807 000	-124 326 000	1956	155 500 000 000	118 700 000 000	-36 800 000 000

TABLE A.10.

Moroccan exports between 1913 and 1922

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922
Oeufs	13,46%	7,62%	11,53%	15,89%	17,71%	21,07%	21,02%	12,12%	12,78%	20,58%
Peaux et cuirs	25,51%	27,57%	9,76%	8,68%	10,88%	9,51%	11,43%	14,25%	4,42%	4,74%
Lin	1,46%	13,02%	4,28%	1,72%	6,43%	3,80%	9,34%	13,14%	7,53%	2,56%
Pois chiches	2,03%	1,76%	3,65%	2,65%	3,56%	2,06%	6,74%	3,23%	4,48%	4,55%
Fèves	0,81%	0,05%	1,99%	5,15%	3,89%	7,54%	7,21%	11,84%	12,49%	7,79%
Amandes	20,45%	9,20%	8,22%	2,37%	1,95%	7,42%	4,17%	5,62%	6,31%	4,13%
Orge	3,66%	0,14%	25,39%	24,22%	15,48%	6,24%	3,40%	9,09%	24,12%	16,72%
Alpiste	1,44%	7,27%	4,99%	4,92%	3,21%	1,71%	3,55%	1,12%	0,97%	1,83%
Laines	14,35%	11,75%	6,09%	8,47%	8,28%	4,53%	3,22%	3,38%	0,96%	2,11%
Maïs	0,00%	0,37%	1,39%	4,22%	7,67%	2,92%	2,57%	0,92%	1,93%	3,81%
Blé	0,20%	4,08%	11,30%	10,11%	6,51%	2,85%	1,98%	0,00%	8,26%	7,35%
Phosphates	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,33%	3,08%
Autres marchandises	16,63%	17,18%	11,43%	11,61%	14,46%	30,36%	25,37%	25,29%	15,41%	20,76%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Source. Crédit Lyonnais DEEF 73474-1

TABLE A.11.

Moroccan imports between 1913 and 1922

	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922
Sucres	2,35%	15,63%	3,60%	22,86%	23,61%	18,21%	20,85%	18,11%	15,01%	15,16%
Cotonnades	12,27%	15,23%	18,94%	17,60%	18,42%	27,67%	17,35%	14,99%	13,53%	12,18%
Thé	4,99%	4,19%	5,51%	0,58%	5,01%	0,69%	4,59%	3,24%	2,59%	3,58%
Vins	3,39%	2,75%	4,95%	5,01%	4,73%	5,26%	4,33%	2,90%	3,29%	3,54%
Bougies	2,34%	2,02%	3,33%	3,60%	2,28%	0,81%	3,57%	2,62%	0,01%	2,09%
Pétroles, essences	0,49%	0,73%	0,98%	0,02%	1,87%	0,71%	2,77%	3,56%	3,33%	3,21%
Bois	3,93%	2,29%	0,67%	0,68%	1,21%	1,58%	2,60%	3,21%	2,60%	2,64%
Ciments	1,69%	0,12%	1,20%	1,68%	1,48%	1,32%	2,34%	2,68%	2,21%	1,81%
Machines	1,00%	1,05%	1,02%	0,96%	0,76%	1,70%	0,23%	0,23%	3,71%	3,08%
Houille	0,73%	0,07%	1,00%	1,82%	0,20%	0,20%	2,08%	1,88%	1,41%	1,38%
Huile d'olives	0,33%	1,30%	2,01%	1,13%	2,09%	1,20%	0,19%	0,84%	0,99%	0,68%
Spiritueux	2,04%	1,28%	1,01%	1,66%	0,73%	0,31%	0,15%	1,07%	0,97%	0,91%
Farine de froment	3,07%	3,66%	6,81%	4,59%	0,32%	2,58%	1,46%	1,69%	5,96%	2,54%
Savons	0,67%	0,71%	1,17%	1,63%	0,85%	2,23%	1,37%	1,14%	0,78%	1,07%
Cafés	1,24%	0,56%	1,16%	0,95%	1,36%	0,69%	1,31%	0,72%	0,84%	0,69%
Fers	2,27%	1,58%	0,55%	0,49%	0,87%	0,85%	0,01%	3,04%	1,19%	0,13%
Soieries	2,27%	1,58%	2,02%	2,47%	1,64%	2,07%	1,27%	0,09%	1,10%	1,14%
Automobiles	1,09%	0,12%	0,52%	0,58%	0,46%	0,20%	1,13%	2,52%	1,61%	1,14%
Lainages	0,27%	1,28%	1,19%	0,10%	1,73%	0,19%	1,12%	1,75%	0,13%	2,12%
Autres marchandises	53,58%	43,84%	42,35%	31,57%	30,40%	31,53%	31,27%	33,71%	38,73%	40,92%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Source. Crédit Lyonnais DEEF 73474-1

TABLE A.12.

Moroccan exports between 1928 and 1933

	1928	1929	1930	1931	1932	1933
Oeufs	8,78%	12,91%	16,13%	8,65%	8,53%	9,19%
Peaux et pelleteries	7,94%	4,96%	7,85%	2,67%	1,37%	1,95%
Poissons	0,70%	0,87%	1,66%	1,72%	3,25%	6,11%
Blé	17,43%	17,19%	7,00%	33,21%	33,91%	28,63%
Orge	25,24%	18,98%	1,28%	12,54%	14,91%	12,42%
Avoine	1,43%	1,86%	2,00%	2,07%	1,66%	1,19%
Semoules	0,80%	0,39%	0,08%	1,67%	1,64%	1,07%
Primeurs	0,18%	0,37%	0,70%	1,38%	2,03%	3,24%
Fèves	4,29%	4,17%	4,47%	2,86%	2,18%	1,97%
Alpiste	1,45%	2,03%	2,16%	1,67%	1,04%	0,72%
Amandes	4,69%	3,79%	1,71%	1,87%	1,58%	2,51%
Graine de lin	1,82%	1,92%	2,48%	2,37%	1,74%	0,62%
Graines diverses	3,62%	2,44%	1,58%	1,84%	1,11%	0,99%
Crin végétal	2,48%	5,18%	8,48%	6,01%	4,45%	5,37%
Phosphate	18,40%	22,18%	41,17%	19,37%	20,61%	24,02%
Plomb	0,74%	0,73%	1,23%	0,12%	0,00%	0,00%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Source. Crédit Lyonnais DEEF 73474-1

TABLE A.13.
Moroccan imports between 1928 and 1933

	1928	1929	1930	1931	1932
Sucre	17,86%	14,62%	15,92%	14,21%	13,25%
Thé	6,57%	6,93%	4,39%	3,84%	7,09%
Produits laitiers	1,34%	1,42%	1,88%	2,03%	2,29%
Farine de blé	0,72%	0,76%	0,19%	1,03%	0,88%
Café	0,89%	0,82%	0,84%	0,67%	1,02%
Vins et spiritueux	3,15%	3,04%	3,65%	3,81%	3,24%
Huile végétales	1,69%	1,65%	2,34%	2,52%	2,83%
Bois	2,42%	1,97%	3,54%	2,83%	2,17%
Cotonnades	20,42%	18,49%	10,27%	11,25%	12,25%
Tissus de laine	2,09%	2,13%	2,31%	2,34%	2,17%
Vêtements	1,17%	0,79%	1,61%	1,86%	2,09%
Pétroles et essence	6,37%	7,42%	10,52%	10,04%	8,88%
Houille	1,56%	1,62%	2,30%	1,81%	1,68%
Ciments	1,14%	1,57%	2,88%	2,47%	1,63%
Tôles et feuillards	1,65%	1,91%	2,21%	1,54%	1,81%
Rails	1,02%	1,26%	2,87%	4,41%	2,01%
Parfumeries, savons, bougies	2,73%	2,24%	2,26%	2,00%	2,25%
Produits chimiques	1,41%	1,03%	1,96%	2,02%	1,62%
Machines	6,24%	6,78%	4,62%	6,88%	6,80%
Constructions métalliques	0,32%	0,31%	2,28%	2,35%	1,72%
Automobiles	7,38%	7,92%	6,94%	6,64%	6,80%
Cliques	1,80%	2,06%	1,86%	1,85%	1,74%
Voitures de voie ferrée	0,57%	5,44%	2,28%	2,15%	0,80%
Appareillage électrique	0,24%	0,29%	0,75%	1,60%	3,37%
Peaux	1,22%	1,04%	1,58%	2,21%	1,76%
Papiers	1,12%	0,98%	1,45%	1,52%	1,89%
Colis postaux	6,92%	5,52%	6,30%	4,12%	5,96%
Total	100,00%	100,00%	100,00%	100,00%	100,00%

Source. Crédit Lyonnais DEEF 73474-1

TABLE A.14.

Moroccan exports between 1949 and 1956

	1949	1950	1951	1952	1953	1954	1955	1956
Agumes	8,37%	9,56%	5,35%	5,33%	6,48%	4,34%	7,38%	7,13%
Tomates	2,63%	4,17%	2,60%	1,60%	2,02%	4,34%	2,82%	4,09%
Céréales	20,81%	19,61%	18,52%	18,13%	17,68%	22,70%	22,48%	21,70%
Vins	0,24%	0,49%	1,45%	1,73%	1,21%	2,36%	4,67%	3,14%
Œufs	0,96%	1,47%	0,72%	0,93%	0,94%	0,50%	0,76%	0,52%
Légumes secs	5,50%	5,39%	3,76%	5,20%	5,94%	4,84%	3,58%	3,46%
Crin végétal	1,67%	3,19%	2,17%	2,27%	2,16%	2,48%	2,50%	2,10%
Alfa	0,48%	0,49%	1,16%	1,60%	0,81%	0,99%	0,87%	0,94%
Liège	0,96%	1,96%	2,03%	2,27%	2,43%	2,98%	2,50%	2,20%
Cuir	0,00%	0,74%	1,16%	0,40%	0,54%	0,62%	0,43%	0,63%
Laine	0,00%	4,41%	2,46%	0,53%	2,02%	2,36%	1,95%	1,57%
Phosphates	22,97%	32,35%	25,90%	24,40%	24,02%	24,32%	23,67%	24,74%
Manganèse et bioxyde	3,59%	5,88%	5,64%	7,20%	8,50%	6,08%	4,56%	5,03%
Plomb	7,18%	7,84%	6,51%	10,67%	7,42%	6,82%	7,27%	7,23%
Charbon	1,44%	1,72%	1,59%	2,00%	1,62%	1,61%	2,17%	1,78%
Cobalt	0,24%	0,74%	0,87%	0,93%	0,54%	0,87%	0,76%	0,63%
Huile d'olive	0,48%	0,00%	0,00%	1,07%	0,27%	0,00%	0,98%	2,10%
Poisson	19,14%	0,00%	14,47%	9,60%	11,34%	7,82%	6,84%	8,39%
Sucre	3,35%	0,00%	2,60%	3,07%	2,56%	2,61%	2,50%	1,57%
Peaux tannées	0,00%	0,00%	1,01%	1,07%	1,48%	1,36%	1,30%	1,05%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Source. *Tableaux économiques du Maroc, 1915-1959*, (1960). Service central des statistiques, Rabat.

TABLE A.15.

Moroccan imports between 1949 and 1956

	1949	1950	1951	1952	1953	1954	1955	1956
Charbon	1,39%	0,96%	0,70%	0,93%	1,32%	1,42%	1,29%	1,23%
Produits pétroliers	11,63%	13,94%	13,39%	15,63%	18,18%	17,62%	17,29%	16,67%
Ciment	4,16%	3,37%	5,22%	6,50%	2,81%	1,96%	0,81%	0,35%
Fers et aciers	15,24%	11,78%	15,13%	17,18%	11,07%	12,10%	11,79%	15,09%
Sucre	32,69%	33,65%	27,30%	25,23%	22,98%	23,31%	25,69%	24,91%
Graines oléagineuses	4,99%	3,61%	2,78%	0,77%	0,83%	1,42%	1,45%	2,11%
Céréales	3,88%	3,61%	3,83%	2,17%	2,48%	0,00%	0,00%	1,05%
Thé	8,03%	10,34%	8,52%	7,74%	11,57%	11,92%	12,28%	11,05%
Café	2,77%	1,68%	2,26%	2,01%	2,81%	3,02%	2,91%	3,16%
Produits laitiers	3,60%	4,81%	4,00%	4,64%	5,62%	5,87%	6,46%	7,02%
Tracteurs agricoles	2,22%	2,40%	1,91%	2,32%	2,81%	2,14%	1,45%	0,70%
Voitures de tourisme	6,37%	6,97%	11,13%	10,99%	14,21%	15,48%	14,22%	12,11%
Papier	0,28%	0,24%	0,35%	0,15%	0,33%	0,36%	0,48%	0,53%
Pneumatiques	2,77%	2,64%	3,48%	3,72%	2,98%	3,38%	3,88%	4,04%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

Source. *Tableaux économiques du Maroc, 1915-1959*, (1960). Service central des statistiques, Rabat.

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6CABET/1/73 - Généralités sur les emprunts marocains.

6CABET/1/74 - Généralités sur les emprunts marocains.

FIN/1789 - Emprunts 5 % 1904 - 5 % 1910

FIN/1790 - Emprunts 5 % 1904 - 5 % 1910

FIN/1791 - Emprunts 5 % 1904 - 5 % 1910

PTC/107/11 - Emprunt 5 % 1904, Secrétariat de M. Atthalin

PTC/107/12 - Emprunt 5 % 1904, Dossiers personnels de MM. Renault, Guiot, Duréault.

PTC/107/15 - Emprunt 5 % 1904, Secrétariat de M. Atthalin

PTC/108/17 - Emprunt 5 % 1904, Secrétariat de M. Atthalin

PTC/108/18 - Emprunt 5 % 1904, Secrétariat de M. Atthalin

PTC/110/38 - Emprunt 5 % 1904

PTC/111/41 - Emprunts 5% 1904-1910, Secrétariat M. Debray

PTC/111/42 - Emprunts 5% 1904-1910, Secrétariat M. Debray

PTC/112/ 44 - Emprunts 5% 1910, Secrétariat M. Debray

PTC/112/45 - Emprunts 5% 1910, Secrétariat M. Debray

PTC/112/46 - Emprunts 5% 1910, Secrétariat M. Debray

PTC/112/47 - Emprunt 4% 1914, Secrétariat M. Atthalin

PTC/112/48 - Emprunt 5% 1918, Secrétariat M. Atthalin

PTC/112/49 - Emprunts 4% 1914 1918 1930 1931 et 4,5 % 1929

PTC/113/50 - Emprunts 4,5 % 1932 5% 1933 -1934 6% 1937 3,5 % 1942-1944-1946

PTC/113/51 – Emprunts 4,5 % 1932 5% 1933 -1934 6% 1937 3,5 % 1942-1944-1946

PTC/113/52 - Emprunts 7% 1922-1925

PTC/113/53 - Emprunts 7% 1922-1925

PTC/113/56 - Emprunts 6% 1928-4,5 1930 Chemins de fer du Maroc

BPPB/65 – Banque d'Etat du Maroc

Archives du Crédit Lyonnais. Les archives du Crédit Lyonnais consultées sont celles du Département des études économiques et financières. Les cartons ci-dessous renferment toutes les études relatives au Maroc, d'avant la Première Guerre mondiale jusqu'à l'indépendance. Les consultations se font au Département des Archives Historiques du Crédit Agricole, au 72 rue Gabriel Péri à Montrouge.

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