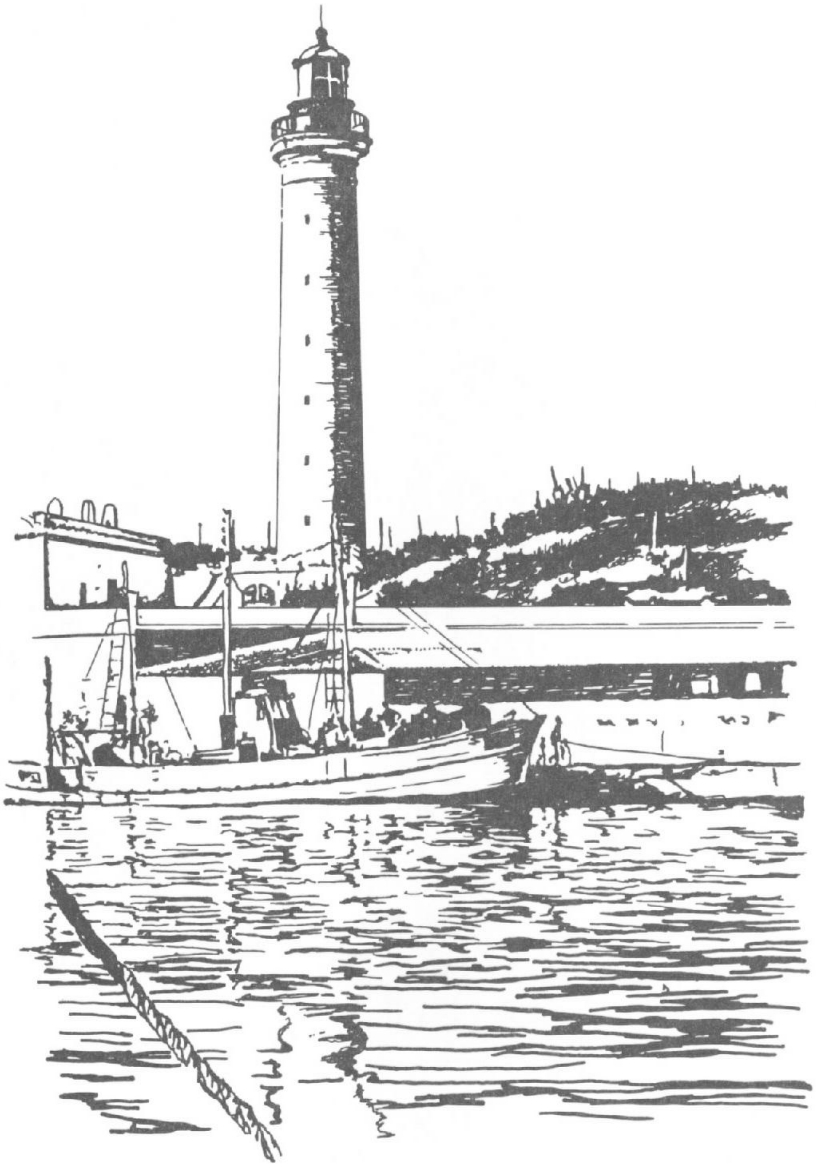


Chapter 3. The Economy



Lighthouse along the Mediterranean coast with fishing boat in foreground

ALGERIA IN 1993 was in transition, moving from a centralized system toward an open market economy. In this connection, its physical resources of arable land and hydrocarbons played major roles. Algeria's close to 2.4 million square kilometers make it the second largest country in Africa, after Sudan, and one-third the size of the United States. More than 2 million square kilometers are desert or semiarid steppes extending into the southern Sahara region, but the country also contains a fertile strip of cultivable land concentrated along the coast of the Mediterranean Sea. Algeria's main physical resources are hydrocarbons: 3.2 trillion cubic meters of proven natural gas reserves and 9.2 billion barrels in recoverable reserves of crude oil. Algeria, with 4 percent of proven world reserves of natural gas, ranks fifth in the world; moreover, only 17 percent of the reserves have been exploited. Other resources include iron, zinc, phosphates, uranium, and mercury. In 1993 the country's population, predominantly Arabs and Berbers traditionally dependent on agriculture, was estimated by the United States government at 27.4 million, and the work force was thought to exceed 5.5 million.

A bloody eight-year revolution brought independence to Algeria's population, at that time numbering about 10 million, in 1962. The departure of the French colons and other foreigners, who had held a tight stranglehold on the country's administration, nearly brought the economy to a halt. The formerly productive agricultural sector was especially hard-hit, mainly because most Algerians were untrained and hence excluded from managing any aspect of agriculture or industry. The total commitment of the first independent government, headed by Ahmed Ben Bella, to a socialist system of centralized administrative management and economic self-sufficiency (because of its perceived positive correlation to political independence) also took a severe toll on the economy. Furthermore, Ben Bella's preoccupation with playing a major role in political relations with developing countries did not help matters.

Not until the late 1970s, when more pragmatic and less ideological leaders took over the reins of government under President Chadli Benjedid, did Algeria recognize the urgent need for social and economic reform. Government development plans until then had been driven by rigid central control

and state ownership of most of the means of production and agriculture. The resulting inefficiencies and shortages spurred the government to devise an economic program aimed at increasing productivity and growth. But it was the widespread bread riots of "Black October" 1988 that compelled the government to institute a more serious and accelerated economic reform program. What is also referred to as the "Couscous Revolt" was attributed to an unacceptably slow pace of political and economic reform, as well as critical food shortages caused by the 1986 oil price drop and ensuing decrease in hydrocarbon export earnings.

The main goals of the accelerated reform program were to transform the national economy from a tightly controlled centralized system to a market-oriented one, create a climate more conducive to foreign investment and increased trade, and encourage domestic savings and investment. To achieve these objectives, the government gave management autonomy to two-thirds of the 450 state-owned enterprises, including banks, while instituting a profit accountability system for their managers. The government also eliminated state-controlled monopolies for import and distribution and allowed both Algerian and foreign companies to engage in these activities. Finally, the authorities encouraged continuation of the *de facto* privatization of the agricultural sector.

Algeria's development plans reflected the progress made toward achieving the goals of economic growth, infrastructure building, and movement from a government-dominated economy to decentralized reliance on market forces. These plans were influenced by the various leaders' personal vision and sociopolitical approach to the economic issues facing their country.

Development Planning

When the French left Algeria, they took with them most of the trained European cadre and left behind an economy in a state of chaos. The primary reason for this chaos was the lack of a trained or semiskilled Algerian labor force. Ahmed Ben Bella reacted by instituting a highly centralized socialist system that endowed the government with unlimited authority either to run the economy or to turn it over to workers' committees. These committees, which were guided by socialist principles, proved to be totally ineffective. Ben Bella then shifted his attention to seeking a role for Algeria on the international stage and

finding a leadership role for himself as a voice for developing countries.

Houari Boumediene, who took over in 1965 through a military coup, was a more pragmatic president. Boumediene's First Three-Year Plan (1967–69) marked the beginning of long-term development planning in Algeria. In 1970 a newly created Secretariat of State for Planning took over economic planning from the Ministry of Finance, underscoring the regime's emphasis on social and economic development. The new secretariat developed the First Four-Year Plan (1970–73) and the Second Four-Year Plan (1974–77), which emphasized investment in capital-intensive heavy industry at the expense of more labor-intensive small industries that would generate badly needed employment. The years from 1977 to 1979 were a transitional period devoted to assessing previous development plans and devising new strategies.

The First Five-Year Plan (1980–84) and Second Five-Year Plan (1985–89) aimed at building a diversified economy and reflected the more moderate views of the less ideological Chadli Benjedid. A special congress of the National Liberation Front (Front de Libération Nationale—FLN) had selected Benjedid in January 1979 to succeed Boumediene, who had died of a rare blood disease in December 1978. The 1985–89 plan marked a significant policy shift by placing greater emphasis on agriculture. Benjedid's economic liberalization also resulted in less central planning and a decrease in government control, as evidenced by the abolition in 1987 of the Ministry of Planning, which had earlier replaced the Secretariat of State for Planning.

Further proof of this trend came when the Third Five-Year Plan (1990–94) turned out to be more of a broad policy outline than a directive plan of action. Its main objectives were to liberalize the economy, allow more business entities to break away from the state and become Public Economic Enterprises (Entreprises Publiques Économiques—EPÉs), and attract foreign investment.

Government Role

The spirit of jealously guarded independence was the driving force behind the new republic's economic plans. The government's policies, in turn, were initially dictated by the political philosophy of a group of freedom fighters with varying degrees of commitment to a socialist ideology. Such an ideol-

ogy favored a self-sufficient economy that would satisfy the basic needs of the masses. But these same economic policies also evolved in response to a combination of other factors. These factors included the legacy of an untrained labor force left by the colons and an early obsession with intensive projects for national development even at the expense of imposing severe hardships on consumers. Other elements influencing economic policies were soaring prices, spiraling unemployment, runaway population explosion, and popular discontent. Ultimately, later and more pragmatic leaders realized that liberalization of the economy, political life, and social infrastructure was inevitable.

In the immediate postindependence period, the government concentrated on investment in large-scale heavy industry turnkey projects, such as steel mills and oil refineries. The early 1980s saw a reversal of this policy. Large enterprises were broken into smaller, more efficient units, and larger amounts of the investment budget were shifted to light industries, such as textiles, food processing, and housing construction. The government retained a preponderant economic role, however, in large strategic state companies, such as the National Company for Research, Production, Transportation, Processing, and Commercialization of Hydrocarbons (*Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures—Sonatrach*). Sonatrach was established in 1963 but was divided in 1980 into thirteen more autonomous and specialized units. The government's austerity program, which directed hydrocarbon revenues toward national development, and the continued aversion of the authorities to labor-intensive sectors such as agriculture and manufacturing created more acute unemployment problems and unprecedented food shortages. The 1986 oil price crash forced the government to rethink its petroleum-dependence policies and pay more attention to agriculture and other sectors.

The October 1988 bread riots, however, were probably the precipitating event that caused Benjedid to embark on a serious program of political and economic liberalization. Some of the more significant economic reforms came in the form of legislation promulgated in 1990 and 1991. The new laws defined specific regulations governing such critical issues as foreign investment and trade, joint ventures, repatriation of capital and profits, and recourse to international arbitration of



Hydrocarbons plant at Ahrar, in eastern Algeria near the Libyan border, produces liquefied petroleum gas, butane, propane, and condensates.

Courtesy Embassy of Algeria, Washington

Laying pipeline for moving hydrocarbons across the Sahara

Courtesy Sonatrach

disputes. The extent of progress made in implementing these new laws in the 1990s will be a major factor in determining Algeria's economic outlook. Another important determinant is the future course of hydrocarbon prices. This factor, although beyond the government's control, has prompted it to initiate a policy of diversifying hydrocarbon earnings by increasing both natural gas and liquefied natural gas (LNG) exports, as well as condensates and petrochemicals.

The World Bank (see Glossary) *World Development Report, 1989* gave Algeria high marks for its efforts to move its economy from a directed system based on central planning to a more decentralized, market-oriented system. The results of this change included returning to individual farmers land collectivized in the 1970s, privatizing low-productivity state farms, establishing autonomous public enterprises, and giving the Central Bank of Algeria (Banque Centrale d'Algérie; hereafter, Central Bank) the authority to control credit and money supply. Since the establishment in January 1963 of the Central Bank to replace the French Colonial Bank of Algeria and act as the government's financial agent, the banking system has been under state control. New legislation on banking and credit introduced in 1986 and 1987 defined relationships between the Central Bank and commercial banks and allowed the latter to provide credit to state enterprises and private companies alike.

Public Finances

Algeria ranked in the upper range of medium-income countries in 1992, and the government had concentrated for some years on enlarging its industrial sector. The emphasis placed on manufacturing industries resulted in an average gross domestic product (GDP—see Glossary) increase of 18 percent over the decade from the mid-1970s to the mid-1980s. But accelerated industrialization was achieved at the expense of the agricultural sector, whose GDP share declined from 15 percent in 1965 to 9 percent in 1985 (see table 3, Appendix). The decline compelled the government to spend hard-earned foreign currency on food imports to meet serious food shortages facing a population that was growing at an average annual rate of about 3.2 percent in the late 1970s. Oil and gas revenues remained Algeria's largest single source of income, but the government in 1993 used up to 98 percent of its hydrocarbon export revenues to ensure its foreign-exchange needs. The government in 1993 also revised its budget to reflect the fluctuating, i.e.,

decreasing, percentage of hydrocarbon earnings caused by oil price changes. As a result, the government has decided to diversify the hydrocarbon industry away from crude oil toward natural gas, condensates, refined products, and petrochemicals. The success of this policy notwithstanding, and in spite of enhanced revenues from other sectors, additional taxation, and customs duties, the government has been unwilling to cut public expenditures significantly, fearing an adverse socioeconomic impact. Whereas the government has committed itself to reducing its external debt in the 1990s, it seemingly cannot afford to abandon investing in critically needed social infrastructure plans.

The government eventually instituted some reforms in public finance management by shifting the responsibility for financing economic activity from the Ministry of Finance to financial institutions and by decentralizing the decision-making process. Begun in 1986, these reforms were designed to transfer economic financing to local governments and public enterprises, including state-owned banks. Financial institutions, which had been limited to acting as cashiers for the ministry, took over the function of financing public enterprises and investment. Ministry of Finance investment financing was limited to strategic projects. The financial system also absorbed most of the ministry's role in housing finance. The Law on Money and Credit, promulgated in 1990, formally transferred the role of financial management to the Central Bank and the Money and Credit Council (see Investment, this ch.).

Budget

The government's commitment to nurturing a self-sufficient economy caused its investment expenditure to exceed 50 percent of total current expenditures in the 1970s and the first half of the 1980s. Most of the nontax revenue came from the hydrocarbons industry, which constituted the largest single source of income and provided almost 65 percent of the country's total revenues until the early 1980s. But the oil price crash of 1986 forced the government to revise the budget to bring hydrocarbon revenues down to almost 30 percent of the total. The *Journal Officiel* showed the percentage of oil and gas revenues dropping from 44 in the 1985 budget to 32 in 1986 and to 23 in the following three years. These figures continued to vary as the government introduced new forms of taxation, such as corporate, income, road, and property taxes. As of early 1993,

the most recent tax to have been introduced was the value-added tax of April 1992, which established a 7 percent tax on strategic goods (e.g., electricity), 13 percent on reduced tariff products (e.g., construction materials), 21 percent on regular rate goods (e.g., automobiles), and 40 percent on luxury items.

The government continued to face the dilemma of reconciling an austerity policy designed to reduce a huge foreign debt with a commitment to sustain a socialist economy with a ferocious appetite for public expenditure. Rising tax receipts helped the government cut investment spending by 26 percent in 1986. Continuation of the austerity program reduced the fiscal deficit by 50 percent between 1987 and 1989. Fortuitously, increased hydrocarbon revenues in 1989 reduced 1988's deficit of more than US\$4.4 billion to just over US\$1.0 billion.

Historically, the proportion of investment expenditure received by each economic sector has varied from year to year. The variation resulted from such factors as the underlying philosophy of each development plan and the government's proclivity toward heavy industries. A clear trend has favored either basic infrastructure projects or education, health, and other social services. The government could not ignore the latter areas without exposing itself to serious public criticism or even social unrest. Education, for instance, received the lion's share of current expenditures in 1989 (26.9 percent) and in 1991 (25.8 percent), whereas defense was limited to 9 percent and 8.8 percent for those years. The construction industry exemplified a neglected sector in early development plans. The construction sector later caught the government's eye, however, because of its socially explosive impact on the severe housing shortage, about which less-advantaged Algerians had been complaining bitterly.

External Debt and Payments

Another area of financial concern relates to Algeria's external debt and debt-service payments. The country's substantial debt dates back to the 1970s, when the government borrowed heavily to finance development projects and meet rising consumer needs. When the debt mounted to US\$16.9 billion in 1980, Benjedid decided to limit borrowing to DA50 million (for value of the dinar—see Glossary) a year, which reduced the debt steadily until 1984. Because payments came under pressure starting in 1985, however, the debt-service ratio more than doubled between 1985 and 1988, increasing from 35 per-

cent to 80 percent. Amortization payments increased by 38 percent until they reached US\$6.2 billion in 1990. In spite of falling oil production and prices, the government managed to avoid debt rescheduling by cleverly obtaining soft finance and trade credits.

By the end of 1990, the country's external debt slightly exceeded US\$26 billion, of which almost US\$2 billion was in short-term loans. To reduce the debt-servicing burden, the government subsequently concentrated on obtaining medium- and long-term loans to repay its financial obligations as soon as they became due. Also, to augment its efforts to obtain more concessional financing, such as bilateral lines of credit, the government has discouraged importers from borrowing from suppliers; such loans are usually of short duration and hence are more expensive than long-term lines of credit. Countries that have bilateral credit lines with Algeria include Belgium, France, Italy, Japan, and Spain.

Algeria has viewed debt rescheduling as a politically unacceptable step. The government was obliged, however, to make another politically unpopular move in 1991, by reaching a standby agreement with the International Monetary Fund (IMF—see Glossary). The FLN had always opposed such a move as an encroachment on sovereignty. The IMF standby agreement, however, had a positive effect on creditors and potential donors, including the World Bank, which decided to grant Algeria a US\$300 million structural adjustment loan. The European Community (EC—see Glossary) also agreed in 1991 to provide a loan worth US\$470 million. A year earlier, the Banque Nationale de Paris (BNP) had provided a seven-year loan of 1 billion French francs to be used in converting short-term borrowing into longer-term loans. Another positive sign was Algeria's apparent determination not to miss debt-service payments despite a debt service exceeding US\$7 billion in 1991.

Currency and Exchange Rates

The Central Bank sets the daily price of the Algerian dinar, keyed to a basket of currencies most widely used in payment for exports but primarily linked to the United States dollar and the French franc. The dinar has had a long history of being overvalued, resulting in a runaway black market on which the dinar was traded at several times the official rate for many years. In a serious attempt to bring down black-market rates

and thus achieve convertibility for the dinar, the government decreed a major devaluation in mid-1990 and allowed the dinar to drop about 52 percent, from DA8.5 = US\$1 in July of that year to DA16.6 = US\$1 in March 1991. Although this step helped the authorities meet IMF demands for reaching a new standby agreement, they were concerned about the raised price of imported consumer products and the potential social implications for the poorer majority of the population. The considerable gap between prices and economic costs for certain essential commodities, such as energy products, prompted the government to institute a policy of gradually reducing consumer subsidies while recognizing the importance of price supports in protecting the most disadvantaged people. Whereas the government tempered its policy of moving rapidly to a system in which almost all prices were to be determined by market forces, in 1991 it adjusted the prices of subsidized products, electricity, natural gas, and petroleum products. These steps resulted in reducing total 1991 subsidies by DA9.6 billion.

Foreign Aid

Until the early 1990s, foreign assistance to Algeria consisted mainly of generous loans extended by Arab countries on unusually favorable terms. Algerian businesses have also managed to obtain soft credits from trading partners, mostly in France, Italy, and Spain.

The EC's Fourth Protocol (1992–96), however, has called for more generous treatment of the Mediterranean countries that are not members of the EC, including Algeria, Morocco, and Tunisia. The Fourth Protocol increased EC spending under the Third Protocol by 28 percent and provided for financing regionally based projects undertaken by Algeria and its Union of the Arab Maghrib partners. The Fourth Protocol also allowed Algeria to obtain larger loans and draw on an EC budget allocation of 70 million European currency units (ECU), compared with ECU54 million in the Third Protocol. Algeria's risk capital provision also jumped from ECU6 million to ECU15 million.

Another important factor that should further enhance Algeria's foreign-aid prospects is the World Bank's increasing support for the government's economic reform program. The World Bank's loans to Algeria between 1990 and 1995 are expected to more than double the US\$1.4 billion extended in the period 1985–89.

Investments

In another major policy shift, the government decided to seek badly needed cash and access to credit in order to ensure sustained economic growth. Despite concerns about foreign ownership of the Algerian "patrimony," economic pragmatism dictated passage of the Law on Money and Credit of April 1990. This law liberalized the country's foreign-investment code to the extent that only telecommunications, electricity production, hydrocarbon refining and distribution, and railroad transport remained closed to foreigners. As for the exchange system, the new law prohibited multiple exchange rates for the dinar and assigned the Money and Credit Council, a board composed of Central Bank and other Algerian government officials, the responsibility of setting foreign-exchange and external-debt policy. The council was also charged with approving foreign investments and joint ventures.

Another objective of the April 1990 law was to attract foreign capital by formalizing the legal framework for investment. The law permitted the repatriation of capital and accumulated profits, subject to approval by the Central Bank. Investments in the hydrocarbon sector, however, were still governed by Law 86-14 of August 1986, which limited foreign investors to joint ventures with Sonatrach. The government's investment priorities were listed as agriculture and agribusiness; agricultural machinery; mineral, hydrocarbon, and electricity production and distribution; petrochemicals; basic and primary transformed steel and metallurgical products; railroad transport; capital goods; and tourism.

The Law on Money and Credit not only created a more positive investment climate but also proved to be quite a contrast to previous foreign-investment laws of August 1982 and August 1986. These two laws had allowed only the repatriation of profits and indemnities awarded by Algerian courts to foreign investors, who were denied any recourse to international arbitration of disputes, except those covered by a special Franco-Algerian protocol, and whose commercial disputes could be resolved only under Algerian law.

The Supplementary Finance Law of August 1990 introduced the system of concessionaires and wholesalers (exclusive dealers representing foreign companies) as a major ingredient of the import liberalization process. Before this law was passed, only monopolies could import goods for resale. The same law also broadened the right to use a foreign-currency account to

include any business in addition to individuals. The new accounts could be used for making any legitimate payments relating to the business of the account holder. In April 1991, the government announced a change in the import system: all imports of merchandise not prohibited were given full access to foreign exchange at the official exchange rate. All import licensing restrictions were abolished, except for imports receiving government subsidies, which continued to be subject to administrative control because of domestic trading restrictions.

Several other measures also served to attract foreign capital. In December 1987, the government joined the International Finance Corporation, a World Bank body that specializes in encouraging private enterprises. In June 1990, it signed an agreement allowing the Overseas Private Investment Corporation to operate its investment promotion, financing, and insurance program for United States investors in Algeria. In October 1990, the government established the Agency for Development and Promotion of Investment to familiarize potential foreign investors with Algeria's business climate and to facilitate their investments in its companies.

Although the authorities indicated a strong and understandable interest in enhancing employment opportunities in the eastern and southern desert areas of the country, geographic investment preferences were not made a prerequisite for foreign investment. Nor were sectoral preferences required, but it was clear that the authorities would evaluate any foreign-investment proposal for its potential contribution to increasing Algeria's productive capability, nonhydrocarbon exports, and technology transfer. The Ministry of Economy issued a supplementary regulation in September 1990, outlining its own priorities and defining the objectives of investments. These were to finance production of goods and services that generated hard currency; to reduce imports of goods and services; to improve distribution of goods and equipment; and to engage in economic activities that enhanced the profitability of public transport, telecommunications, and water and electricity distribution—subject to approval by the competent government agencies. Both foreign investors and Algerian entities were given equal access to credit from local banks, with no restrictions on reinvestment. No discriminatory or preferential export or import regulations were to be applied to foreign-owned businesses. Any firm engaged in exporting its output would, regardless of ownership, be allowed to retain 100 per-



*Carpet merchant in suq at Khroub near Algiers
Courtesy United Nations*

*Workman decorating a table top in a small Algerian furniture factory
Courtesy Embassy of Algeria, Washington*

cent of its foreign-exchange earnings for use in importing raw materials and machinery needed to sustain its production.

Services

Banking

The banking sector is a major facilitator of investment. The magnitude of the government's banking reforms can best be understood by comparing the current system with that of the French colonial era. Under the French, most of Algeria's banks were branches of French banks; after independence they sold out or were nationalized. The Central Bank of Algeria was established in January 1963, to replace the Colonial Bank of Algeria and act as the government's agent in financial transactions, currency issue, and other central bank functions. In 1971 the Central Bank assumed the role of supervising the country's three major commercial banks, the most important of which was the National Bank of Algeria (*Banque Nationale d'Algérie*), which served both the private and public sectors and held the bulk of total bank deposits. The other two, the Foreign Bank of Algeria (*Banque Extérieure d'Algérie*) and the Popular Credit of Algeria (*Crédit Populaire d'Algérie*) were more sector oriented, with the former handling energy and foreign trade and the latter financing smaller sectors.

The government's economic development and decentralization policies of the 1980s resulted in the establishment of more specialized financial institutions. The Agriculture and Rural Development Bank (*Banque de l'Agriculture et du Développement Rural*) provides loans to the farming and food processing industries. The National Fund for Provident Savings (*Caisse Nationale d'Épargne et de Prévoyance*) furnishes savings and housing loans. The Bank of Manufacturing and Services (*Banque des Industries de Transformation et des Services*) deals with the service sector and light industries. The Bank of Local Development (*Banque de Développement Local*) was formed in 1985 to finance communal development projects. The Algerian Development Bank (*Banque Algérienne de Développement*) was created in 1963 to provide long-term (ten- to twenty-year) loans.

Tourism

Algeria shares with Morocco and Tunisia a coastline with great potential as a tourist attraction. Its tourism industry, how-

ever, has always lagged behind that of its closest neighbors. Mainly because of the government's failure to promote tourism and the lack of well-run quality hotels and tourist sites, the number of foreign visitors to Algeria in the 1980s never exceeded one-fourth and one-sixth of those to Tunisia and Morocco, respectively.

Since 1989, however, the government has shown greater interest in promoting tourism because of its potential as a source of foreign exchange. As part of its efforts to liberalize the country's economy, the government has decentralized the national tourism company and granted autonomy to many state-owned hotels. The government has also allowed foreign companies to run newly constructed hotels, such as the Hilton just outside Algiers. Another large hotel (350 rooms), managed by the French chain Sofitel, opened in early 1992 in the Hamma district of the capital. The government continued to encourage local private investment and foreign participation in joint ventures, hoping to increase hotel capacity to 50,000 rooms within a decade. The government's decision to lift the DA35 million ceiling on local private investments also is expected to generate considerable hotel construction activity.

Labor and Employment

Algeria's rapidly growing labor force of about 5.5 million unskilled agricultural laborers and semiskilled workers in the early 1990s accurately reflected the high rate of population growth. More than 50 percent of the labor force was between fifteen and thirty-four years old. Almost 40 percent of the labor force either had no formal education or had not finished primary school; 20 percent of the labor force had completed secondary school or beyond. Women officially constituted only just over 7 percent of the labor force, but that figure did not take into account women working in agriculture. Unskilled laborers constituted 39 percent of the total active work force, but nonprofessional skilled workers, such as carpenters, electricians, and plumbers, were in short supply because most tended to migrate to Europe. The Benjedid government tried without much success to entice them to return to their homeland to help the domestic economy—even at the expense of losing their foreign-exchange remittances. Algerian remittances, however, have always been much lower than those of other Maghrib (see Glossary) emigrants. Although Algerian workers in France and other EC (see Glossary) countries outnumbered other

North Africans, their annual remittances were estimated at US\$350 million, whereas non-Algerian transfers amounted to US\$2 billion.

The labor force grew at an annual average rate of 4 percent between 1985 and 1990, but the growth in employment has lagged seriously. The result has been acute unemployment and underemployment. Official estimates put the 1990 unemployment rate at 26 percent. (Official figures tended to underestimate actual unemployment because they counted only those males actively seeking work.) In 1990 almost 65 percent of all the unemployed were fifteen to twenty-four years old, raising the unemployment rate within this age bracket to 41 percent. Recognizing that the country's demographics would make youth unemployment a thorny social problem, in 1988 the government established the Youth Employment Program (*Programme d'Emploi des Jeunes*) to provide jobs and training for youths between sixteen and twenty-four years of age. Because this program failed to meet its target of creating 40,000 training opportunities and 60,000 jobs each year, in 1990 the government initiated two other programs to help establish new enterprises either operated by or employing young people. One program would subsidize, by up to 30 percent of the initial investment, the establishment of new enterprises by young people. The other would guarantee bank loans extended to young entrepreneurs.

Two basic salaries, both paid by the government, set the wage scale for the formal sector and the framework for the rest of the country. The National Guaranteed Minimum Wage (*Salaire National Minimum Garanti*) is the amount paid by the government to people who are unemployed. The sum constitutes what the government considers a basic minimum wage, but it is not legally binding. The minimum wage was introduced in 1978 at DA1,000 per month and was not changed until 1990, when the government and the largest labor union, the General Union of Algerian Workers (*Union Générale des Travailleurs Algériens—UGTA*), agreed to raise the amount to DA1,800 in January 1991 and to DA2,000 in July of the same year. The second salary figure, the Minimum Activity Wage (*Salaire Minimum d'Activité*), is the minimum paid by the government to its employees; it is considered a minimum for the rest of the formal sector. The same agreement with the UGTA incrementally increased this minimum until it reached DA2,500 in July 1991. In a move consistent with its continuing

reform policies, the government later decided to decentralize the wage negotiation process. As a result, autonomous public enterprises, which had been required to adhere to the civil service wage scale, were allowed to negotiate independently with their employees.

Algerian workers lacked the right to form multiple autonomous labor unions until the June 1990 Law on Trade Union Activity was passed by the National Assembly, thus ending the monopoly of the FLN party-linked UGTA on labor representation. Another 1990 law on industrial relations provided for collective bargaining, abolishing a previous ban on strikes and guaranteeing workers the right to press their demands. It required, however, that labor-management disputes be submitted to a conciliation procedure that was administered by the local inspection office but that also provided both parties with recourse to arbitration. If the dispute persisted, workers were allowed to strike after giving eight days' notice. The new legislation also provided managers with a more flexible framework for administering personnel policies, including hiring and firing procedures.

Natural Resources and Energy

Hydrocarbons

Algeria's economy is dominated by the hydrocarbon sector, which in 1990 represented just over 23 percent of GDP and which was the largest source of its exports (see table 3, Appendix). In 1990, for example, US\$12.3 billion of the country's total export earnings of US\$12.7 billion (i.e., 97 percent) came from oil, gas, and refined products exports: crude and condensates (US\$6.1 billion), refined products (US\$2.7 billion), natural gas (US\$2.8 billion), and liquefied petroleum gas, known as LPG (US\$730 million). Algeria's oil, a light variety with low sulfur content that commanded a premium in international markets, was the main natural resource on which the government depended heavily to sustain its economic development programs through the 1970s. Crude oil production, concentrated in the Hassi Messaoud field near Haoud el Hamra pumping station, south of Constantine, and in the areas of the Zarzāitine and Edjeleh fields near the Libyan border, however, has been diminishing steadily; in the early 1990s it accounted for no more than 1 percent of world production (see fig. 6).

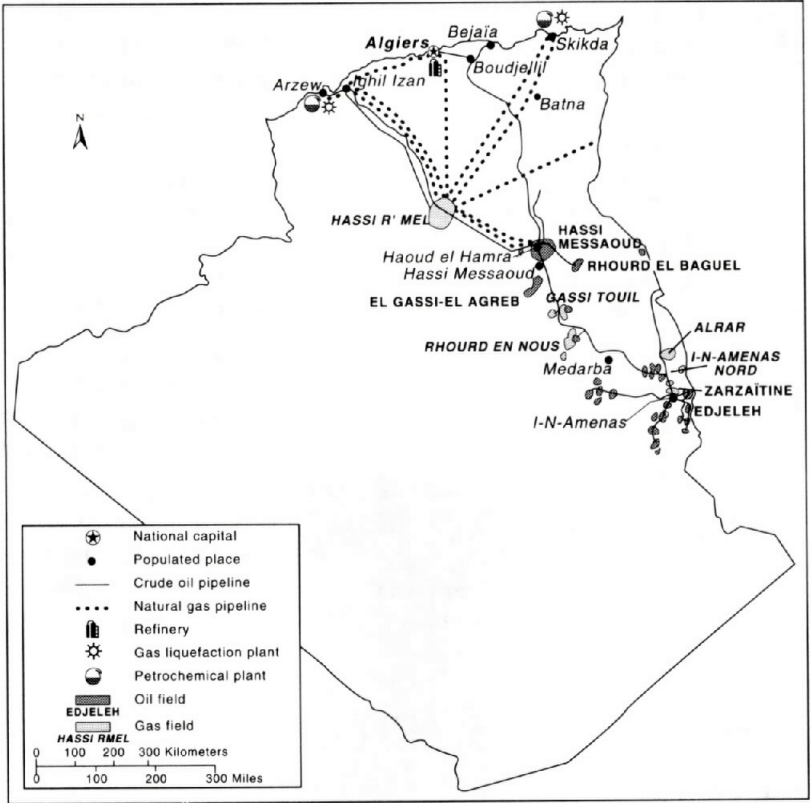


Figure 6. Oil and Gas Industry, 1993

Although about fifty oilfields have been producing since 1989, the peak production level of 1.2 million barrels per day (bpd—see Glossary) reached in 1978 was reduced to approximately 700,000 bpd in 1990. The government imposed the output restriction to prolong the life span of the oilfields and to abide by production quotas of the Organization of the Petroleum Exporting Countries (OPEC). Algeria's total refining capacity stood at 475,000 bpd in 1990.

The country's oil reserves are expected to be depleted within three decades at 1992 rates of production. This alarming assessment, coupled with slumping world oil prices and diminishing prospects of growth in crude oil sales, prompted the government to focus on involving foreign companies in its oil industry by liberalizing the application of the August 1986

exploration code. When the parliament amended this law in December 1991, Sonatrach, which has retained firm control over all oil policies despite the 1980 restructuring of the hydrocarbon industry, was obliged to allow joint ventures with international companies interested in exploring low-deposit areas that require high-technology methods to enhance production. The government also announced that international arbitration would be allowed in case of dispute.

Algeria's considerable natural gas reserves of about 3,200 billion cubic meters of proven recoverable gas are expected to last more than sixty years at 1992 production rates. Natural gas has become the country's most valuable export as a result of the decline of oil production and prices—and as an outcome of the government's diversification strategy. The Hassi R'Mel field south of Algiers is the largest and contains almost two-thirds of the country's reserves. Other large fields include, in descending order, Hassi Messaoud, Alrar (in central Algeria, near the Libyan border), Gassi Touil (southeast of Ouargla), and Rhourd en Nous (in the center of Algeria).

The four plants that liquefy natural gas are owned by Sonatrach, which in the early 1990s sought to promote pipeline sales through the existing trans-Mediterranean pipeline. It was estimated that Algeria's 1990 sales of 12.5 billion cubic meters of LNG could be doubled if plans to build a second trans-Mediterranean line to Spain were to materialize. After an ill-fated attempt by Sonatrach to raise LNG prices—at the insistence of politicians clamoring that Algeria was not getting fair compensation for its natural resources—the government decided to abandon OPEC fixed prices and switched to a more realistic market-based pricing policy. This new approach resulted in contracts extending past 2000 with such clients as Gaz de France, Enagas of Spain, Distrigaz of Belgium, and Panhandle of the United States.

Algeria's condensate reserves, which are extensively used in the petrochemicals industry and most of which are located at Hassi R'Mel, are estimated at 400 million tons. Condensate sales in the 1980s helped to make up for the downturn in oil revenues. The respite is likely to be short-lived, however, because the drop in the condensate exports is expected to be accompanied by a corresponding decrease in output from 1989 to 1995.

Enhancing LPG production has been another government priority in its diversification strategy. Fortunately, domestic

demand for LPG in individual households and public transportation has increased steadily. To meet this constantly growing demand, Sonatrach reopened its old Arzew plant, west of Algiers, in 1990. It also renovated the equipment at Hassi Messaoud and planned a construction program of extraction and processing plants, pumping stations, 1,000 kilometers of pipeline between Alrar and Hassi R'Mel, and, finally, the long-awaited massive new LPG plant at Arzew. Despite Sonatrach's successful implementation of its diversification strategy, the government was well aware of its overdependence on the revenue from oil and gas exports to finance its ambitious national development program and service its external debt.

Minerals

Algeria's nonfuel minerals are used extensively as raw materials for domestic manufacturing, but some, such as high-grade iron ore, phosphate, mercury, and zinc, have also been exported since the early 1970s. The state mining and prospecting corporation, the National Company for Mineral Research and Exploration (*Société Nationale de Recherches et d'Exploitations Minières*), was established in 1967. As a result of the government's decentralization policy, the company was restructured in 1983 into separate production and distribution entities. The most important of these were an iron ore and phosphate company known as Ferphos, which had three production units and a port complex at Annaba, and another company called Erem that specialized in conducting mineral research at Boumerdas on the Mediterranean Sea and Tamarrasset in the south (see fig. 7).

Iron ore is found at Beni Saf in the northwest and the Ouenza and Bou Khadra region near the eastern border. Production levels have tended to vary significantly over the years, fluctuating between 1 million and 2 million tons between the early 1970s and the early 1990s. The deposits at Ouenza represent 75 percent of total production and have been exported primarily to Italy and Britain. However, there are massive reserves of medium-grade ore at Gara Djebilet, near Tindouf in the west. These deposits of an estimated 2 billion tons of medium-grade ore have been said to be the largest in the Arab world. The most significant zinc deposits have been found at the mountain of El Abed near the Algerian-Moroccan border and at Kherzet-Youssef in the Sétif region. Lead is also mined at El Abed and Kherzet-Youssef.

The large phosphate deposits at Djebel Onk in the north-east have been mined since the early 1960s; phosphate rock output reached 1.3 million tons in 1988. The total was almost evenly divided between export (primarily to France and Spain) and local consumption or processing at the Annaba fertilizer plant, approximately 350 kilometers away. Most major mines are linked by rail to Algeria's ports. Djebel Onk phosphate mines near the Tunisian border, as well as the Ouenza iron ore mines, are linked by electric rail line to Annaba. Zinc and lead mines at El Abed near the Moroccan border in the west are linked to Oran.

Electric Power

The mounting demand for LPG use in individual households has been matched by a similar increase in the demand for electricity—a factor of the rapid rate of national development and housing construction. Overall energy consumption throughout the country quadrupled between the early 1970s and the early 1990s, largely as a result of government efforts to complete the rural electrification program and extend the domestic gas network. The National Company for Electricity and Gas (Société Nationale de l'Électricité et du Gaz—Sonelgaz) is the state utility company responsible for producing and distributing electric power and gas. Sonelgaz has estimated that the country's low- and medium-tension power network will reach almost 350,000 kilometers by 2005, compared with 102,000 kilometers in 1987 (the latest figure available in 1993).

Before independence in 1962, almost half of Algeria's electricity was generated by hydroelectric power; three decades later, only 7 percent of capacity was hydroelectric. The main sources of electricity generation are thermal plants located at Algiers, Annaba, and Oran. The Kabylie region has a group of small hydroelectric stations. Most production plants had converted from coal to gas by the early 1980s.

In its search for alternative energy sources, the government established the Commissariat for New Energy (Commissariat aux Énergies Nouvelles) in 1982 to develop nuclear energy, solar energy, and other potential sources of power. Whereas solar power was proving to have considerable potential, particularly in desert locations, nuclear power may become a casualty of international concerns and allegations that it could be used for military purposes.



Figure 7. Economic Activity, 1993

Industry

In the early 1990s, the industrial sector represented Algeria's greatest hope in its search for economic independence. The major component of this part of the economy consists of hydrocarbon-related processing plants (see Hydrocarbons, this ch.). In addition, heavy industrial manufacturing and construction constitute significant elements of this sector.

Manufacturing

Industry is a growing factor in Algeria's economy, and in 1990 constituted 10 percent of GDP. Steel production began in El Hadjar near Annaba in the early 1970s, when the government was emphasizing heavy industry. A decade later, however, this plant was operating at 20 percent of its expanded capacity of 2 million tons per year, as a result of poor management, shortage of inputs, and heavy-handed bureaucratic procedures. Although the Benjedid government continued to invest in manufacturing, it was sensitive to consumer demands and hence amenable to allocating more funds to lighter industries that create more jobs.

Since the 1970s, smaller manufacturers of shoes and clothes and even smaller steel mills have been located in many parts of the country and have created some worthwhile opportunities for private investors. The manufacture of agricultural equipment, trucks, and machine tools, once the exclusive domain of the National Company for Mechanical Construction (*Société Nationale de Constructions Mécaniques*), has been decentralized and used as a model for restructuring other large national companies. The success of this experiment encouraged the World Bank in 1990 to extend Algeria a US\$99.5 million loan for restructuring other industrial companies.

Construction

Algeria's chronic housing shortage, which has ranked high on the government's priority list because of its social implications, has had a consistent impact on the construction industry. The population over the years has been unevenly distributed: about 87 percent of the population lives in the coastal and sub-coastal regions, which comprise 17 percent of the country's total area (see *Urbanization and Density*, ch. 2). The influx of Algerians moving from rural areas into urban housing left vacant by the French and other Europeans, coupled with rapid economic development and high birth rates, has dramatically accelerated the pace of urbanization.

Government attention to housing was not evident, however, until it was included in economic development plans in the 1980s. The five-year plans for 1980–84 and 1985–89 outlined a number of objectives for housing policies: reduction of construction delays, integration of housing within social services designed to raise living standards, control of expansion of

housing developments to preserve agricultural land, and sale of government-owned dwellings to their occupants. In addition, the plans sought to improve the efficiency of the construction sector and the financial institutions involved in housing and to develop the construction material industry.

The seriousness with which the government viewed the housing problem was underlined in 1992 when a new minister of housing was appointed and assigned the responsibility of urban development in addition to the traditional function of overseeing housing construction. Even with governmental encouragement of manufacturers of building materials to produce more, the public sector has been unable to meet the constantly growing demand for new housing—estimated at about 250,000 units a year. In 1993 there was a shortage of 2 million housing units. A major obstacle was a chronic shortage of inputs in cement production, which was controlled by four regional Enterprises for Cement and Derivatives (*Entreprises des Ciments et Dérives*). Private-sector firms have been active, however, in introducing prefabricated construction techniques under the umbrella of the National Office to Promote Prefabricated Construction (*Office National de la Promotion de la Construction en Préfabriqué*).

Agriculture

Algerian independence and the subsequent departure of French colons and other settlers signaled the collapse of the agricultural sector. Agriculture used to be Algeria's dominant sector. From the beginning of French colonization until the early 1960s, it satisfied almost all of the country's food requirements. It was critically handicapped, however, by the sudden loss of foreign managers and skilled labor. Perhaps more important was the disruption of a profit-motivated system that was not content with self-sufficiency but that also managed to export some products. Whereas Algeria produced more than 90 percent of its grain needs in 1962, the 1989 rate stood at 25 percent. Before the advent of the oil and gas era, the agricultural sector accounted for 63 percent of export revenues. But the importance of agriculture dwindled steadily as hydrocarbons became the driving force of the economy and the government's development policy favored heavy industries over agriculture-related projects. Similarly, agricultural employment dropped from 40 percent of the total labor force in the 1960s to 24 percent in 1990. The percentage of GDP provided by

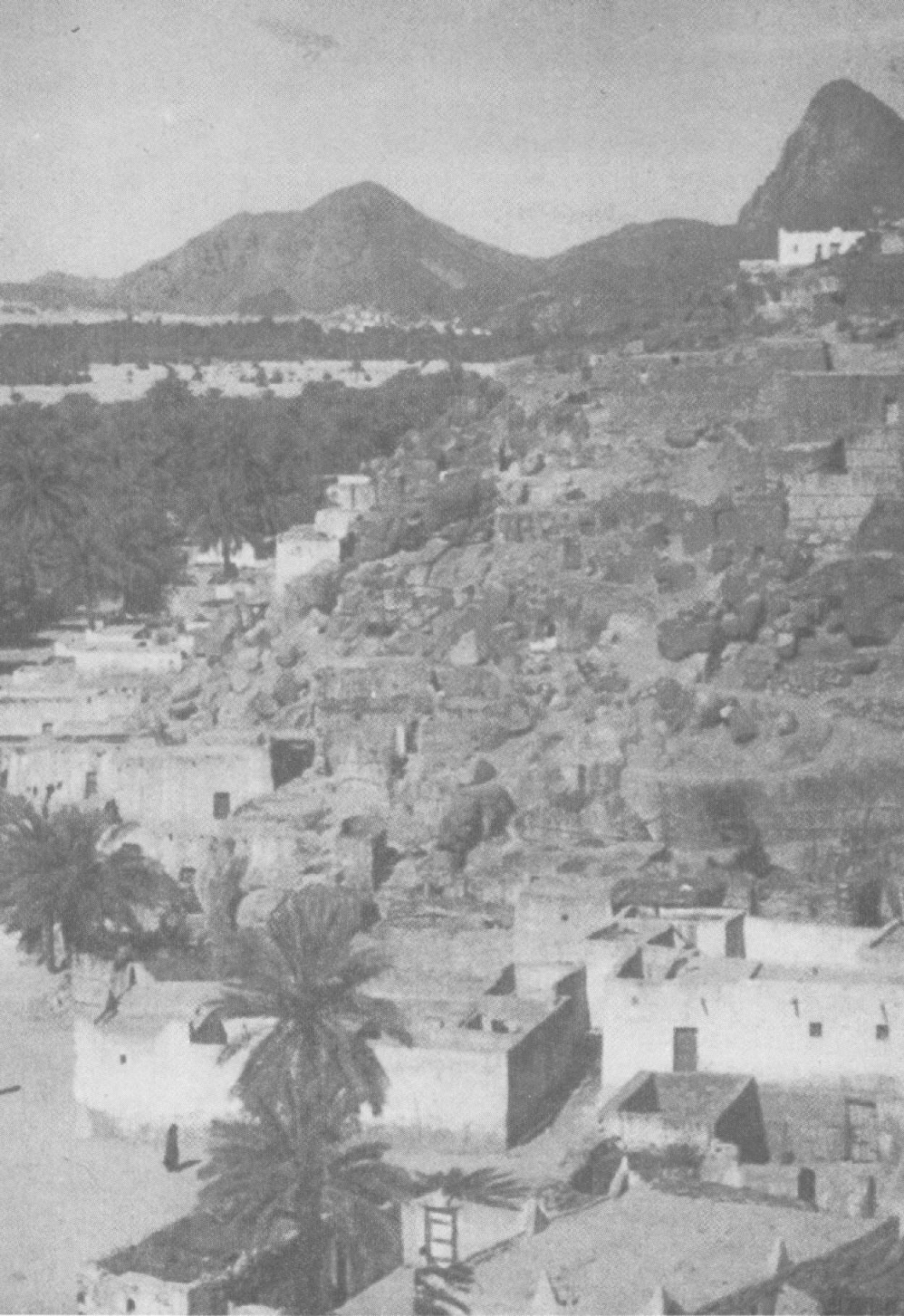
agriculture in 1990 was estimated to be between 7 and 11 percent; it was clear that agriculture's impact on the economy had declined appreciably since colonial times.

Nevertheless, agriculture remains highly significant. In the early 1990s, at least 22 percent of the population lived in rural areas and depended on agriculture as a means of livelihood. But a number of natural factors beyond the government's control have had a negative impact on Algerian agriculture, among them unreliable rainfall patterns, floods, and drought. The country's arable land is limited to less than 3 percent of its total area—about 7.5 million hectares. Another 12 percent of Algeria's total area is suitable only for forestry and grazing. Because 40 to 50 percent of the cultivable land is usually left fallow in any one season, only about 1.7 percent of the total area (about 4.2 million hectares) is actually cultivated; more than half of the cultivable area, 2.7 million hectares, is used for grains alone. In addition, only one-tenth of the cultivable land receives adequate rainfall. In 1989 the government, finally recognizing that irrigation projects were essential to allow more intensive cultivation and substitution of higher-yielding vegetables for grains, provided more than 1.8 billion cubic meters of water by irrigation to increase agricultural production.

Land Tenure and Reform

The government emphasis on agriculture and the importance of irrigation in the 1990s is reminiscent of the role of agriculture in Algeria's preindependence era. European settlers then held most of the irrigated land and about one-half of the cultivated area. At independence, the newly installed government took over for its own use farms vacated by the French and other foreigners; the lands remained legally owned by the settlers, however. This arrangement lasted until October 1963, when the authorities decreed that all land abandoned by the colons would be owned by the state. By mid-1966 all remaining unoccupied properties had been nationalized and turned over to workers under a self-management system (*autogestion*—see Glossary). A small portion of farmland had been occupied by Algerians claiming to be previous owners, as well as by laborers who had worked for the colons. The authorities also gave some land as a reward to veterans of the War of Independence. Most of the expropriated 2.7 million hectares, however, were turned into state farms run by workers' committees, under a socialist sector that received almost all of the funds allocated to agricul-





*Djanet, a Saharan oasis in southeastern Algeria
Courtesy LaVerle Berry*

ture but that suffered from a cumbersome central government bureaucracy and lack of motivation.

Dissolution of the state farming sector was announced in 1971 by Boumediene, who introduced an agrarian reform program that called for breaking up large state-owned farms and redistributing them to landless peasants. The only condition with which these peasants had to comply was to join government-organized cooperatives, which would provide them with state loans, seed, fertilizers, and agricultural equipment. By early 1974, Boumediene's agrarian revolution (1974–78) had given ten hectares of private land to each of 60,000 peasants and had organized them into 6,000 agricultural cooperatives. Encouraged by the initial success of his agrarian reform, Boumediene inaugurated a new program to construct One Thousand Socialist Villages; in fact, its ultimate objective was to build 1,700 villages to house 140,000 farmers.

After Boumediene's death in 1978, this program ended, presumably because of the heavy financial losses it had incurred. Other contributing factors may have been the new government's concern over poor agricultural productivity, rising costly food imports, and the generally unsatisfactory performance of communal farms. Therefore the Benjedid government decided to allocate more public funds to agricultural infrastructure, especially dam construction and water projects.

Serious reforms, which eventually reversed the policy of concentrating production in state-owned farms in favor of a system of private-sector management, started with the 1980–84 five-year plan. The government assigned approximately 700,000 hectares to private farmers, increasing the total private-sector area to 5 million hectares. At the same time, it liberalized the system for marketing agricultural products and gave incentives for intensive farming. Further reforms included the government's decision in 1987 to break up 3,400 state farms (about 700 hectares each) into privately owned farms averaging eighty hectares each. Because the right of ownership was permanent and transferable—provided the farm remained undivided to ensure adequate cultivation size—and the new owners were entitled to own all their equipment, this measure proved an effective incentive for individual farmers. The new system resulted in higher production as early as 1988.

Further proof of the authorities' concern with improving agricultural production to prepare the country for "life after oil" was found in the 1985–89 plan. The plan allocated higher

percentages of public funds to the agricultural sector, especially water projects. Investment in such projects rose from 10 percent of the total budget in 1985 to 14.5 percent in 1990, and the government announced its intention to add 20,000 irrigated hectares a year.

Although as of 1993 Algeria was a net agricultural importer (total agricultural imports increased 45 percent in 1989 to US\$3.1 billion), the government has made a special effort to ensure an affordable food supply for a rapidly growing population. As a result, it continued to control and subsidize the price of staples—bread, cooking oil, flour, milk, and sugar. The economic necessity of lowering food import costs, however, generated enough political support to allow relatively free markets in agriculture. An important step was the liberalization of the marketing of inputs and agricultural output. A 1988 decree allowed private farmers to purchase inputs from any suppliers they chose. As of April 1991, individuals and farm cooperatives could engage in wholesale trading in agricultural inputs; they were also authorized to import agricultural inputs at the official rate of exchange. Another law promulgated in 1991 deregulated land transactions and eliminated the municipalities' monopoly ownership of property reserves, making them available for public purchase.

Crops

Wheat and barley are Algeria's major grain crops, representing 63 percent of all cultivated areas in 1987. In spite of the government's longstanding objective of boosting productivity, however, grain self-sufficiency dropped from 91 percent at independence to 18 percent in 1990. The drop resulted from such factors as the rapidly multiplying population, erratic climatic conditions, agricultural mismanagement, and rural migration to urban centers. Grain production plunged 25 percent between 1986 and 1990, but returned to a record level in 1991. The bulk of the production was in wheat and barley (see table 4, Appendix). Despite the comeback, Algeria continued to import 75 percent of its grain needs. The EC was the major supplier of barley. Corn imports also doubled between 1985 and 1990; the United States provided 75 percent of the total.

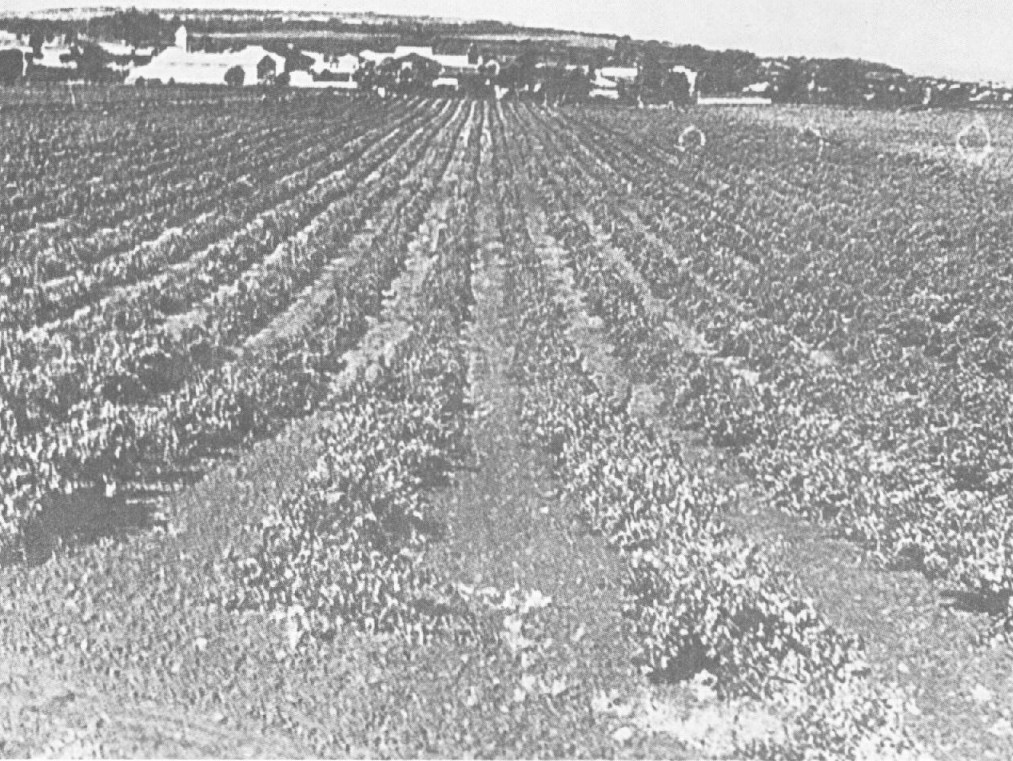
Other main crops include grapes, citrus fruits, vegetables, olives, tobacco, and dates. In the early 1990s, Algeria was the world's fifth largest producer of dates. About three-quarters of the annual average of 200,000 tons are consumed locally.

Wine production, however, although it continues to be Algeria's major agricultural export as it had been during French occupation, has shown a steady and drastic decline. The drop has occurred in part because of decreased demand in European markets but also because of the government view that dependence on wine exports is economically and politically risky as well as possibly inappropriate for a Muslim state. France's decision to stop importing Algerian wines in retaliation for the nationalization of its oil assets in 1969 has been cited as one reason for the drop. The country's annual output of wine declined from 15 million hectoliters in 1962 to 1 million hectoliters in 1988; the area under vine cultivation dropped correspondingly from 370,000 hectares to 82,000 hectares for the same period.

In 1990 olive groves covered at least 160,000 hectares, but unsatisfactory levels of olive oil production caused the government in 1990 to initiate a ten-year program to rehabilitate an additional 100,000 hectares of groves and build 200 oil-pressing plants. The authorities also sought to expand tomato cultivation in addition to other agro-industry projects. Tobacco, however, remained the main industrial crop, producing 4,000 tons a year and employing 13,000 workers.

Livestock

Although sheep and goat herds have been increasing since independence, especially when contrasted with grain production levels, the viability of the livestock sector as a whole depends heavily on such factors as improvement of breeding methods, disease control, and imported feed—feed grain imports rose sharply in the 1980s. Whereas meat production increased through the 1970s, growth tapered off during the 1980s, and the government was concerned about the failure to meet the production target of 228,000 tons in 1989. At least 60 percent of milk requirements were imported in 1990. Poultry production scored remarkable successes and reached self-sufficiency by the mid-1980s. Earlier, the agrarian revolution had tried to restructure the system of grazing on the high plateaus but failed to change the pattern of livestock ownership: 5 percent of herders in 1990 owned 50 percent of the total herds. In 1990, according to United Nations Food and Agriculture Organization estimates, Algeria had about 1.4 million head of cattle, 3.7 million goats, and 13.4 million sheep. The majority of livestock spend the winter on the open range and the spring and



*Grape production has decreased,
but vineyards still flourish
in some areas.*

*Courtesy United States
Department of Agriculture*



*Cutting hay; women in the
foreground, men in the rear*
*Courtesy Nadia Benchallal and
Middle East Report*

summer in the grain-raising area grazing on what is left after the wheat and barley harvests.

Forestry

In 1991 about 4 million hectares of forest remained in Algeria according to official estimates, but most experts thought that reality fell far short of that figure. The area covered by forests had been dwindling for decades despite government efforts to increase wooded hectarage and prevent the erosion of cultivable land. The 1985–89 plan included a project to reforest 364,000 hectares. An earlier twenty-year project begun in 1975 had initiated the construction of a 1,500-kilometer-long green barrier (*barrage vert*) of forest along the northern edge of the Sahara from Morocco to Tunisia. Although the project managed in theory to increase the total forest area by 10 percent annually, the percentage being swallowed up by the desert and by sheep grazing was greater.

A state monopoly, the National Association of Cork and Wood Industries (*Société Nationale des Industries des Lièges et du Bois*), operates the timber industry. The industry processed more than 300,000 cubic meters of wood and cork in 1991. Algeria ranked third in world cork production, after Spain and Portugal.

Fishing

Despite Algeria's 1,000 kilometers of Mediterranean coast, the fishing industry remains underdeveloped. The government, aware of the industry's potential, established joint enterprises with Mauritania and Senegal by the 1980s to exploit the rich fishing waters of the Atlantic. In 1991 the government was also modernizing and expanding fishing ports on the Mediterranean Sea, hoping to increase the 1988 catch of 106,000 tons to an annual rate of 115,000 tons. In 1989 the catch had fallen to 99,000 tons.

Transportation and Telecommunications

Transportation

Algeria's transportation infrastructure, mostly inherited from the French, was badly neglected through the 1970s. However, the government has devoted considerable attention and funding to it since the early 1980s in order to meet the growing

needs for balanced regional development and to deal with the pressure of rapid urbanization. Public funds have been allocated to expand, modernize, and upgrade the country's roads, railroads, ports, and airports to accommodate constantly rising traffic and passenger demands. But the government's insistence in the early 1990s on continuing its policy of austerity and lowering expenditure levels could lead to rehabilitating the existing infrastructure rather than investing in new systems.

Railroads

Railroads are a state monopoly run by the National Railroad Transportation Company (Société Nationale des Transports Ferroviaires—SNTF), a semi-autonomous public entity operating under the aegis of the Ministry of Transport. The approximately 4,000-kilometer railroad system, which is old and poorly designed, is further handicapped by the lack of long-distance traffic. Phosphate and iron ore traffic in the eastern region is almost the only commercially profitable freight traffic. Passenger traffic is concentrated mostly around the major urban areas, especially the capital (see fig. 8). A main railroad line connects major cities along the coast and joins the Moroccan and Tunisian systems at their respective borders. However, rail links with Morocco were closed for twelve years as a result of tension between the two countries and reopened only in September 1988.

SNTF has argued that rail transport is 75 percent cheaper than road transport and that it should be developed to carry up to 40 percent of freight, as in France. The fact that the railroads carried 53 million passengers and 13 million tons of freight in 1989 lent further credence to SNTF's ambitious US\$11 billion program to double the length and freight capacity of the existing rail network. The expansion program includes a new line running east-west across the Hauts Plateaux, new track, freight centers, and stations. Although the government's austerity policy may affect the level of investment in railroad improvement, several new lines were under construction in 1993 and others were under renovation, including the Jijel-Ramdane Djamel line in the northeast and stretches of the line in western Algeria.

Funding for Algeria's railroads has come from outside sources. In 1991 the African Development Bank approved a loan to finance construction of a railroad tunnel that would cost US\$130 million and take more than three years to com-



Figure 8. Transportation System, 1993

plete. Part of a US\$211 million loan from the World Bank in 1989 was allotted to the reconstruction of Algeria's railroads.

An urban rail project involving work on the first twenty-six kilometers of the Algiers subway system, which had been planned for 1985, was begun in August 1989. The whole system is to total sixty-four kilometers when completed in 1994.

Ports

Shipping is also a government monopoly run by the state concern, the National Corporation for Maritime Transport and

the Algerian National Navigation Company (Société Nationale de Transports Maritimes et Compagnie Nationale Algérienne de Navigation—SNTM-CNAN). SNTM-CNAN started with nine vessels in 1971; in the late 1980s, the organization owned seventy vessels and twenty tugboats. Although the Ministry of Transport is responsible for coordinating maritime functions, semiautonomous port authorities created in 1984 handle port operations. Algeria's major ports—Algiers, Annaba, Oran, Skikda, Bejaïa, and Mostaganem—handled about 84 million tons of cargo in 1990. The three largest ports handled 71 percent of total traffic in 1991; Algiers took 32 percent, Annaba 23 percent, and Oran 16 percent. Bejaïa and Skikda remain important ports for exporting hydrocarbons and minerals, Mostaganem handles general cargo, and Arzew boasts large LNG terminals. The new container port of Djendjene near Jijel, funded by Saudi Arabia and built by an Italian-Dutch consortium, is to serve the planned Bellara steelworks in eastern Algeria. The port may need a massive financial infusion to make it fully operative.

The need to develop container facilities, especially at the congested Algiers port, and to continue modernizing other ports ranked high on the government's priority list in 1992. The World Bank provided a US\$63 million loan in 1989 to upgrade the port facilities of Algiers, Annaba, and Oran. In connection with port improvement programs, the government needed to clarify the division of responsibility between the Ministry of Transport, which has authority to coordinate all port operations, and the Ministry of Public Works, which oversees construction and maintenance of port infrastructures.

Roads

Algeria has more than 90,000 kilometers of national roads, including 30,000 kilometers of primary routes, or *routes nationales* (RN), and 20,000 kilometers of secondary roads, or *chemins de wilaya* (CW). The rest of the road network consists of tertiary but generally accessible roads and tracks known as *chemins communaux* (CC), mainly serving rural areas in the north and in the Sahara region. The RN and CW system of major roads is managed by the Ministry of Public Works and its regional services, known as Directorates for Basic Infrastructures (Directions des Infrastructures de Base); the Ministry of Interior, Local Communities, and Tourism and local authorities are responsible for tertiary roads. The road network is unevenly

distributed among the various regions, but it accurately reflects the topography and demographic pattern of the country. Thus, the network is much more developed in the northern coastal region where economic activities and population concentrations are heaviest. The south is served by a limited number of national roads linking the few densely populated areas.

Three major east-west highways run through Algeria and link Morocco with Tunisia, and three others run from north to south. The most extensive highway project, however, is a trans-Saharan road, known as the Road of African Unity. It runs from El Goléa south to Tamanrasset, all the way to the southern borders, branching before it reaches into Niger and Mali.

Figures on vehicle fleets on Algeria's roads are neither readily available nor very reliable, mainly because vehicle registration data are not adjusted for vehicle scrapping. Best estimates put the number of privately owned cars and trucks at well over 1 million in the early 1990s. This number is expected to increase as the government continues to ease restrictions on imports of cars by migrant workers returning to Algeria. State-owned trucks constitute about 80 percent of the total vehicle fleet capacity.

Airports

Civil aviation is an important ingredient of the transportation system because of the distances involved in such a large country and the dispersion of population, particularly in the south. The hydrocarbon industry is partly responsible for the mushrooming of the dozens of small airfields and airstrips needed to support oil and natural gas exploration and surveying in various areas. Civil aviation can be expected to receive special attention from the government—in spite of increasing resource constraints—because of the need for regional development on the Hauts Plateaux and for integrating the deep south desert region with the rest of the economy.

Internationally, Algeria's four major airports—Algiers, Constantine, Annaba, and Oran—dominate the scene and provide 97 percent of all services. In the late 1980s and early 1990s, airport infrastructure improvements administered by the Airport Directorate of the Ministry of Public Works included the extension of one of the two runways in Algiers, completion of improvements to airports in the south, construction of a second runway at Tamanrasset, and modernization of navigation facilities and equipment at several airports.



*Port of Algiers, the country's principal maritime facility for general cargo and passengers
Courtesy United Nations*

Air Algérie, which was established in 1946 as a charter airline by Air France, became the national carrier in 1972 when the Algerian government purchased full ownership. It was restructured in 1984, when domestic routes were assigned to the newly formed Inter-Air Services. In 1989 Inter-Air Services carried almost 2 million passengers on its internal network and a similar number on international flights. Air Algérie planned a major expansion of its passenger fleet in the 1990s, and its ten-year renewal program is expected to cost US\$1.5 billion.

Air Algérie has daily passenger and air freight service to Europe and weekly service to the Middle East and Africa. Air France flies daily into Algiers and less frequently into other major airports. Other foreign carriers also have regularly scheduled flights.

Telecommunications

Algeria's domestic telecommunications system consists of high-capacity radio-relay and coaxial-cable trunk routes that link all the major population areas along the Mediterranean. Lower-capacity routes branch off the trunk routes to the south, providing communications with towns in the interior. A domestic satellite system with fifteen ground stations is used for telephone and television links from the main station near Algiers to remote areas in the Sahara.

In 1992 Algeria had 900,000 telephones, or 3.4 telephones per 100 inhabitants. Although 95 percent of the service is automatic and capable of international direct-dial service, 5 percent of the telephones are still connected to manual exchanges, requiring an operator to complete all calls. Demand for new service far outstrips the government's ability to install new lines. To alleviate some of the pressure for new telephones, the government ordered 3,000 new public telephones in 1991 to augment the 6,000 public telephones already in service. Mobile telephone service, with an initial capacity of 3,000 lines, was also introduced in major coastal cities in 1991.

International telecommunications are considered excellent and use a mix of satellite, undersea cable, coaxial cable, and radio relay. The coaxial cable and radio-relay lines along the coast extend into Morocco in the west and Tunisia in the east. A smaller radio-relay line in southeastern Algeria links directly with the Libyan national system. Six submarine coaxial cables under the Mediterranean Sea provide 3,200 simultaneous

channels to Europe; two of the cables go to Spain, three to France, and one to Italy. Telephone, television, and data communication to most of Asia and the Americas go via two satellite ground stations, one working with the International Telecommunications Satellite Corporation's (Intelsat's) Atlantic Ocean satellite and the other with Intelsat's Indian Ocean satellite. Television transmission and telephone calls to and from other countries in the Middle East are routed through a ground station linked to the Arab Organization for Space Communications (Arabsat) satellite. Arabsat not only provides telephone, data transmission, telex, and facsimile transmission but also is heavily used for live broadcasts of prayers from Mecca and Medina and for showing inter-Arab sports events.

In contrast to international communications links, in 1993 domestic broadcast facilities were sparse. Only the larger populated areas of the country are able to receive television and radio. The country has twenty-six amplitude modulation (AM) radio stations, broadcasting in Arabic, French, and Kabyle; there are no frequency modulation (FM) radio stations. A moderate-strength shortwave station with programs in Arabic, French, Spanish, and English broadcasts to remote areas of the south and to neighboring countries. Eighteen transmitters provide television service to major cities. The country had an estimated 3.5 million radios and 2 million television sets in 1993.

Trade

Algeria continued in 1992 to depend on hydrocarbons for approximately 95 percent of its export revenues. The government had hoped to reduce such dependence by augmenting exports of nonhydrocarbon goods, but rising exports of petroleum products and gas seem to have foiled Sonatrach's efforts in that direction. Another distinguishing feature of Algeria's foreign trade has been the major disruption in trade patterns resulting from the erosion of its special relationship with France. The changes are not considered to be permanently devastating to trade, however. To cite one example: France's 81 percent share of Algeria's exports and 82 percent of imports before independence dropped to 13 percent and 24 percent, respectively, in 1977. By the late 1980s, however, the Algerian oil nationalization crisis and France's earlier decision to import the bulk of its crude oil needs from Saudi Arabia were swept aside by new economic cooperation protocols between Algeria and France.

Trading Partners

As trade patterns changed, in 1989 the United States joined France and Italy to become one of Algeria's three major markets, as well as its suppliers (see table 5, Appendix). The appreciable growth in United States exports (US\$948 million in 1990) resulted from a high level of Commodity Credit Corporation guarantees for United States agricultural sales and a considerable increase in sales of industrial equipment, aircraft, and spare parts. Other items that have dominated the United States share of the Algerian import market include pharmaceuticals, mining machinery, electric-power generating equipment, computers, plastics-processing equipment, medical supplies, and telecommunications gear. Algeria's economic austerity since the latter 1980s, however, has limited the demand for imported finished products.

The resumption of contracts between Sonatrach and United States gas importers in 1989 was the main cause of increased United States imports from Algeria (US\$2.6 billion in 1990). Anadarko Petroleum Corporation in October 1989 signed an oil exploration/production contract for US\$100 million over ten years. Occidental Petroleum Corporation in June 1991 signed a similar contract for US\$32 million. Pfizer in October 1990 signed a contract establishing a joint venture with the Algerian state National Enterprise for Production of Pharmaceuticals (Entreprise Nationale de Production de Produits Pharmaceutiques), for construction of a US\$27 million pharmaceutical plant near Reghaïa, east of Algiers. Air Products Company joined forces with Aire Liquide (France) in signing a contract with Sonatrach in July 1990 for construction of a US\$90 million plant at Arzew to produce helium and nitrogen gases.

Despite its close relationship with France, as a socialist country committed to safeguarding its economic and political independence, Algeria has developed and maintained special links to developing countries and Eastern Europe. However, in the early 1990s it continued to rely heavily on Western industrialized countries for the bulk of its foreign trade. The European Community alone, for example, accounted in 1990 for 35 percent of exports and 40 percent of imports. By contrast, Algeria's partners in the Union of the Arab Maghrib—Morocco, Tunisia, Libya, and Mauritania—accounted for less than 2 percent of its trade. After diplomatic relations between Algeria and Morocco resumed in 1988, the five countries formed the

union to promote "economic integration and cooperation" in February 1989. Algeria, Tunisia, and Libya have agreed since to construct a gas pipeline between Algeria and Libya across Tunisia.

Exports and Imports

As a continuation of its efforts to increase nonhydrocarbon exports, especially by the private sector, the government decreed in 1990 that privately owned companies could export surplus textiles, leather goods, agricultural produce, and phosphates. Almost half of Algeria's total hydrocarbon sales in 1990 consisted of crude oil and condensates (22 percent refined products and 30 percent natural gas). Nonhydrocarbon exports included, in order of importance, wine, metals and metal products, phosphates, fruits and vegetables, and iron ore.

Of Algeria's total imports, worth more than US\$9.8 billion in 1989, foodstuffs accounted for 31.5 percent, semifinished goods 32 percent, industrial goods 25 percent, and other consumer goods 10.5 percent. After the government decreased the number of large-scale national development projects, imports of capital goods dropped correspondingly. But imports of consumer goods have been high, with foodstuffs alone costing about US\$2 billion in 1989.

The government's concern over its ability to meet hard-currency payments caused it to control the level of imports, even at the expense of appearing to contradict its own policy of liberalizing the economy, including foreign trade rules. This measure, however, did not mean a return to the 1978 law that had allowed the Ministry of Commerce to monopolize trade and subjected commercial transactions to Central Bank approval. Private companies continued to import goods on their own account, to use foreign exchange generated from their exports to finance the imports they needed, and to enter into joint ventures with foreign partners. Other stringent restrictions, such as forbidding foreign firms to engage in direct sales and limiting them to opening a regional office known as a Liaison Bureau (Bureau de Liaison), were removed in 1988. Legislation passed in 1991 permitted the establishment of local marketing operations, as well as agency agreements between foreign and Algerian partners known as concessionaires. The new distribution system practically ended the government's monopoly on foreign trade. Both manufacturers and suppliers

can now sell either through local wholesalers or through their own distribution networks.

Balance of Payments

The surpluses of the balance of payments in the 1970s resulted from high levels of hydrocarbon exports, considerable foreign borrowing by the government, and healthy remittances by Algerian workers abroad. The surplus slipped into deficit in the early 1980s, however, as the government decided to ease import restrictions, suspend foreign borrowing temporarily, and repay its external debt more rapidly. The 1986 drop in the world oil price decreased revenues from hydrocarbon sales, while imports of agricultural products were increasing in response to growing domestic demand; the combination of factors further worsened the balance of payments.

Algeria's balance of payments began to improve in 1988, largely because of an unexpected rise in oil prices (see table 6, Appendix). However, the price of, and demand for, imports continued to grow, and the government's interest payments on its foreign debt rose from US\$1.5 billion in 1988 to nearly US\$2 billion in 1989.

Trade Account

The government's measures to encourage the growth of private-sector trade, combined with fluctuating oil prices, have resulted in an erratic trade account pattern, marked mostly by a chronic deficit followed by ups and downs of surplus. The foreign trade deficit of the 1960s was not reversed until 1973-74. The world oil price boom then overturned Algeria's traditional dependence on exports of vegetables, citrus fruit, wine, tobacco, iron ore, and phosphates; instead Algeria substituted massive hydrocarbon exports. However, the authorities continued to retain control over the trade budget process, which allowed them to cut imports in 1991 to US\$8.2 billion to meet the IMF's requirements for a standby agreement. The trade balance registered a healthy surplus of almost US\$1.6 billion in the first half of 1991. In April 1991, the government introduced a major liberalization of the import system by eliminating the administrative allocation of hard currency for imports at the official exchange rate. Private firms were allowed to join the ranks of state-owned enterprises in purchasing foreign goods directly from overseas markets.

Trends

Algeria has made considerable progress in its transition efforts toward a market economy. A money and credit law promulgated in 1990 granted the Central Bank the authority to formulate and implement monetary and foreign-exchange policies, removed controls on foreign investment in most sectors, allowed full foreign ownership of new investment projects, and encouraged unrestricted joint ventures between foreign companies and Algerian private concerns. In a bold move designed to promote trade liberalization, the Central Bank devalued the dinar almost 100 percent between November 1990 and the end of April 1991. On the latter date, the government introduced a major liberalization of external trade to augment the already far-reaching steps taken to liberalize domestic trade.

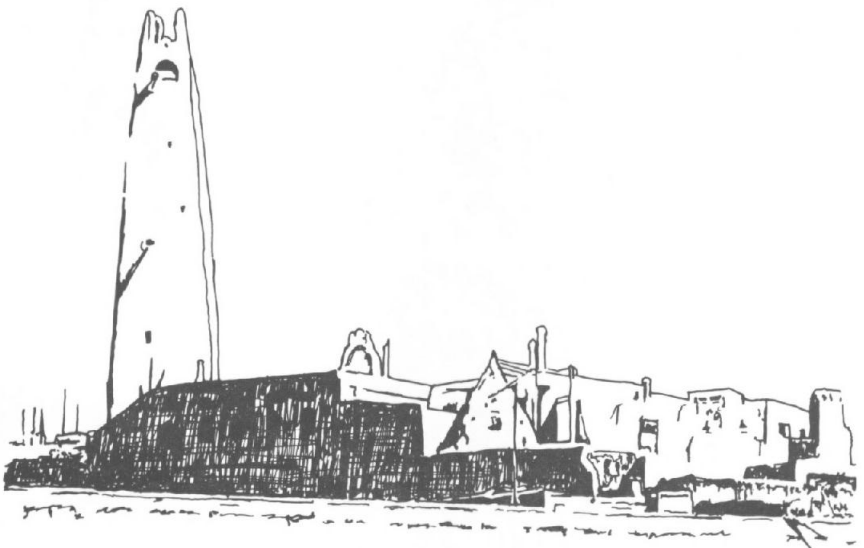
Algeria, not unlike several other countries in North Africa and the Middle East, has had to grapple with a heavy debt burden. The country's international creditworthiness has been subjected to closer than normal scrutiny on occasion, such as when its ratio of debt to export earnings moved from 130 percent in 1980 to 280 percent in 1989 and when the debt-service ratio shot up from 25 percent in 1981 to 95 percent in 1989. However, the combination of fiscal restraint on the government's part, adamant opposition to debt restructuring (mostly for reasons of political pride), and prudent use of budget surplus and intermittent higher revenues (from fluctuating oil prices) helped repay Ministry of Finance debts to the Central Bank and retire significant portions of foreign debt.

Over the long haul, however, how much progress Algeria makes toward establishing a truly open market economy will depend on the correlation between economic liberalization efforts and the dynamics of the domestic political situation, which was continuing to evolve in the early 1990s. If, for instance, the evolving political process encourages passage of new legislation similar to the June 1990 Law on Trade Union Activity providing for the creation of autonomous labor unions and collective bargaining, other key institutional changes could accelerate the pace of social progress and generate an environment conducive to political accountability and economic reform.

* * *

Richard B. Parker's *North Africa: Regional Tensions and Strategic Concerns* provides a lucid backdrop as to why and how Algeria's various economic reforms were conceived and introduced. It has the added virtue of placing Algeria in a regional North African context, comparing its situation with that of its neighbors to the east and west. *North Africa: Contemporary Politics and Economic Development*, edited by Richard Lawless and Allan Findlay, gives a solid analysis of the Algerian economy. David B. Ottaway and Marina Ottaway's *Algeria: The Politics of a Socialist Revolution*, although published in 1970, remains an informative source. For those interested in analyzing the fast-moving developments of the Algerian scene, the *Economist* and *Middle East Economic Digest* are essential. (For further information and complete citations, see Bibliography.)

Chapter 4. Government and Politics



Mosque in traditional style in Ghardaia, in north central Algeria

ALGERIAN POLITICAL CULTURE and government reflect the impact of the country's colonial history and its cultural identification. The legacy of the revolutionary War of Independence (1954–62) and its lingering implications are still evident in recent political events and in the evolution of political processes. A strong authoritative tendency and the supremacy of the military, both remnants of the war for liberation, have resulted in a sharply divided society in which the political elite remains highly remote from, and generally unaccountable to, the masses of its impoverished, unemployed, and dissatisfied citizens. State-supported socialism, largely fed by petroleum exports, and "depoliticization" of the masses during the 1970s replaced any real source of legitimacy for the regime and left the masses almost no form of political expression short of violent confrontation.

The consequences of this political tradition materialized in January 1992 when a conservative military coup overturned four years of significant political and economic liberalization undertaken by President Chadli Benjedid in the late 1980s. Benjedid's extensive political and economic reforms, pursued to restore political legitimacy and public confidence in the government leadership, had opened the way for political opposition. The rise of the Islamic Salvation Front (Front Islamique du Salut—FIS) as the most significant opposition group threatened to challenge the secular orientation of the state. The coup took place only days before the second round of the first freely contested national elections, elections that were likely to usher in a new government dominated by Islamists (sometimes seen as fundamentalists). Since then, the virtual elimination of constitutional government and the resurrection of military authoritarianism have returned Algeria to the familiar situation of placing power in the hands of a small elite, nullifying almost all of the democratic freedoms and many of the free-market reforms of the preceding few years.

Algeria's bloody overthrow of colonial rule resulted in independence in 1962 and a legacy of an authoritarian political structure dominated by competing interests. The main actors in the national revolution continued to govern the Algerian polity after independence, struggling during the immediate postindependence period and throughout postindependence

Algerian history for political control. This tradition has evolved into a triangular system of government in which the army, party, and state apparatus share power but continually compete. Benjedid's reforms in the 1980s effectively eliminated the party (the National Liberation Front—Front de Libération Nationale—FLN) from a prominent position in the political configuration while strengthening his hand as president through constitutional reforms. The military, also having suffered a reduction of authority with the political changes implemented by the 1989 constitution, appeared to have little tolerance for the liberalization visualized by Benjedid and the more liberal faction of the FLN. Resurfacing in the early 1990s to "ensure the security of the state," the military has demonstrated once again that the army remains the dominant arm of the political triangle.

Recent political events are as much a reflection as a determinant of political culture in Algeria. The nation in late 1993 was under a state of emergency, its condition since the military coup in January 1992. Martial law ruled, essentially invalidating all political structures and institutions. The outcome of this period will be determined not only by the political leaders but also by civil society, political competition within the state, and by mass culture. If the Algerian state is to overcome its political crisis, it needs to resolve its myriad socioeconomic problems. If it is to successfully conquer its economic problems, it will need to become more democratic and decentralized. The current situation is potentially dangerous because of the explosive nature of the political tensions inherent in the repression of a discontented population.

Political Environment

Postindependence Politics and the Socialist Tradition

Algeria's current political culture is a result of the French colonial legacy, the War of Independence, the Arab and Islamic cultural traditions and the part these play in national unity and cohesion, and the integral role of the military. The consolidation of authority and the institutionalization of political structure characterized the postindependence years as the new Algerian nation struggled to overcome the instability of the revolutionary period. National integrity and national institutions were viewed as equally important as Algeria worked to consolidate its independent political structure and tradition and to

overcome the administrative and economic vacuum that resulted from the departure of most Europeans who had lived in Algeria.

The Revolutionary Period and Independence

Emerging from more than 132 years of French colonial domination and nearly eight years of the War of Independence, Algeria was officially declared independent of France on July 3, 1962, but recognizes July 5 as its Independence Day. Exhausted from so many years of warfare and internally divided into fiercely competitive factions, the military/political leadership of the victorious FLN quickly deteriorated into incohesive groups vying for control of the new state.

The three major contenders for political predominance were the provisional government established by the FLN in 1958, the military officials, and the *wilaya* commands (administrative district councils established by the military in the pre-independence period). The confrontation was characterized by fierce personal and ethnic loyalties as well as ideology and surfaced even before independence was officially declared. A May 1962 meeting in Tripoli of FLN leaders closed with Ahmed Ben Bella assuming control of the party and what would become the nation of Algeria under a tentative alliance with Colonel Houari Boumediene.

The "Heroic" Stage: Ben Bella's Regime, 1962–65

With the declaration of independence, Ben Bella assumed the title of national president. The first postindependence elections were held for the new National Assembly on September 20, 1962, and on September 26, the National Assembly officially elected Ben Bella premier and formally declared the Democratic and Popular Republic of Algeria. Ben Bella formed his government from the ranks of the military and close personal and political allies, indicating that the factional infighting was far from suppressed.

The first and most pressing task of the new government was to restore some normality to the war-torn economy and polity. The end of the colonial period, although not entirely eliminating the French presence in Algeria, had dramatically reduced it. The mass exodus of Europeans resulted in a severe shortage of highly skilled workers, technicians, educators, and property-owning entrepreneurs. The national government quickly assumed ownership of the abandoned industrial and

agricultural properties and began a program of *autogestion* (see Glossary), or socialist workers' management. Workers were responsible for overseeing their own administration through a series of elected officials. A national system of directors and agencies was charged with ensuring that the workers conformed to a national development plan.

A new constitution was drafted that committed the country to a socialist path, established a strong presidential system, and protected the hegemonic role of the FLN as the single political party. Ben Bella assumed control of the FLN executive as general secretary. In September 1963, Ben Bella was elected president for a five-year term. As the government increasingly tended toward a dictatorship, factionalism within the leadership began to resurface.

At its first congress in April 1964, the FLN adopted a draft statement, the Algiers Charter. The charter outlined the structure of the state and government and committed Algeria to the *autogestion* program envisioned by Ben Bella. The charter also reaffirmed the significance of the Islamic tradition in Algerian political culture.

Ben Bella was never able to capture the confidence of the Algerian public or the military. He was popular among the masses more for his status as a "historic chief of the revolution" than for his leadership competency. Despite efforts to thwart the rival military faction by strengthening the leftist groups, Ben Bella was unable to overcome the political challenge of his defense minister, Colonel Houari Boumediene, whose alliance had been critical to his installation as head of government in 1962. On June 19, 1965, Algeria's first postindependence president was overthrown by Boumediene in a bloodless coup.

Boumediene and the Socialist Experiment

Council of the Revolution, 1965–75

After the coup, all political power was transferred to Boumediene and his military-dominated Council of the Revolution. The constitution and National Assembly were suspended. Boumediene was named president and prime minister, and his associates were named to the twenty other cabinet positions. No political institution other than the FLN existed for the next ten years. The objectives of the regime were to reestablish the principles of the revolution, to remedy the abuses of personal power associated with Ben Bella, to end internal divisions, and

to create an "authentic" socialist society based on a sound economy. Boumediene's support came from the military and technocratic elite who believed in his gradual reformist program. Support for the new authoritarian system was not universal, and several coups were attempted in the first few years of Boumediene's regime. By the early 1970s, however, Boumediene had consolidated his regime and could focus on the pressing economic problems.

The Boumediene years were characterized by ardent socialism and state-controlled heavy industrialization, funded largely by energy exports. Dependence on France during the colonial period and the subsequent loss of capital, skill, and technology meant that Algeria's very survival in the postindependence period appeared to depend on rapid and extensive industrialization. Boumediene's industrialization program was highly centralized and involved the nationalization of almost all industrial and agricultural enterprises (see *Government Role*, ch. 3). By the early 1970s, almost 90 percent of the industrial sector and more than 70 percent of the industrial work force were under state control. The agricultural sector was relatively neglected at the time.

In the political realm, authority remained as concentrated as it did in the economic sphere. Aside from local and regional assemblies, administrative bodies that were essentially subordinate to the directives of the FLN, all political participation had been suspended following the coup. Boumediene had sacrificed free political exchange for regime stability and state consolidation. By 1975 the factional infighting had ceased and the internal situation had stabilized. In June 1975, the regime announced plans to resurrect public political institutions and draft a national constitution. The country was about to return to a constitutional system, Algeria's second national republic.

Formation of the Second Algerian Republic, 1976–79

The National Charter approved in June 1976 by a country-wide referendum was the subject of much public and party debate and was the product of party, trade union, and other public association negotiations. The new charter was essentially an ideological proclamation reaffirming the socialist tradition and implicitly ensuring the authoritarian nature of the regime and state. The FLN received explicit recognition as a "unique" national front representing the revolutionary heritage and ideological identification of the Algerian people.

The adoption of the National Charter was quickly followed by the drafting of a national constitution. The constitution was a long document of some 199 articles detailing a new political structure in line with the principles enunciated in the National Charter. The constitution reestablished a national legislature, the National People's Assembly (*Assemblée Populaire Nationale*—APN), but reasserted the preeminence of the FLN as the single legitimate party. Articles 23 through 26 of the 1976 constitution recognized the unique role of the FLN in the historical tradition and political culture of the Algerian state and confirmed its hegemonic position in the new political structure. Rather than breaking with the personalist character of the past ten years, the constitution reaffirmed the concentration of power in the executive. Boumediene was named head of state and head of government as president and prime minister, commander in chief, and minister of national security and defense, as well as secretary general of the country's single legal party.

Boumediene enjoyed the unwavering support of the military establishment. By consolidating authority and institutionalizing the Algerian political system, he instilled a degree of public confidence in his regime that Ahmed Ben Bella had been unable to achieve. Boumediene was reelected to the presidency in 1976 from a single-candidate ballot.

Elections for the APN were held in February 1977. Although all candidates were members of the FLN, they represented a variety of occupations and opinions. The diverse membership of the new assembly and the high proportion of industrial and agricultural workers and non-elites were lauded as "the final step in the construction of a socialist state" that had begun in earnest with the creation of workers' self-management assemblies at the local level in the late 1960s.

Boumediene died in December 1978. He left behind a consolidated national government, an industrializing economy, an extensive state-centered socialist program, a burgeoning energy export industry, and an apparently stable political system. He also left a political vacuum. Algeria's political development in the 1970s was heavily indebted to Boumediene's personal skills and acumen. The lack of an obvious successor left the FLN and the APN with a dilemma. The president of the APN was named interim head of state; he served until a special congress of the FLN named Colonel Chadli Benjedid secretary general of the party and candidate for president in January 1979. His selection was confirmed in a national election one

week later, when 94 percent of those voting supported his nomination.

Recent Political Events

Political-Economic Liberalization under Benjedid, 1979–88

Despite his overwhelming electoral victory, Benjedid did not immediately enjoy the same respect that Boumediene had commanded. Accordingly, the new president was especially cautious in his first few years in office. His tentative and gradual reforms wandered little from the socialist course chosen by Boumediene.

Over time, however, Algeria moved slowly away from the strict socialism of the Boumediene years. After receiving a second popular mandate in 1985 with more than 95 percent of the vote in new presidential elections and after making some significant changes in government personnel, Benjedid seemed increasingly confident about instituting sweeping reforms that eventually altered radically the nature of the Algerian economy and polity.

Boumediene's socialist policy had focused almost exclusively on developing the industrial sector and relied on energy exports to finance its development at the expense of the domestic and especially the agricultural sector. Many of these industrialization projects were poorly designed and, instead of encouraging national development, eventually drained the economy. Relying on state initiative as the driving force behind economic development, large-scale industries quickly became consumed by nationalist imperatives rather than economically efficient ambitions. The fall of energy prices in the mid-1980s left Algeria, which was heavily dependent on the export of hydrocarbons, with a substantial national deficit. Agriculture, neglected in favor of heavy industry, was underdeveloped, poorly organized, and lacking in private initiative or investment. The reliance on food imports meant frequent food shortages and rapidly rising agricultural prices. Unfortunately, the crisis was not limited to the agricultural sector. The trade deficit was only one of Algeria's problems. High unemployment, one of the highest population growth rates in the world (3.1 percent per year in the early 1980s), an unbalanced industrial sector focused almost entirely on heavy industry, and rapidly declining revenues had eroded the state's welfare

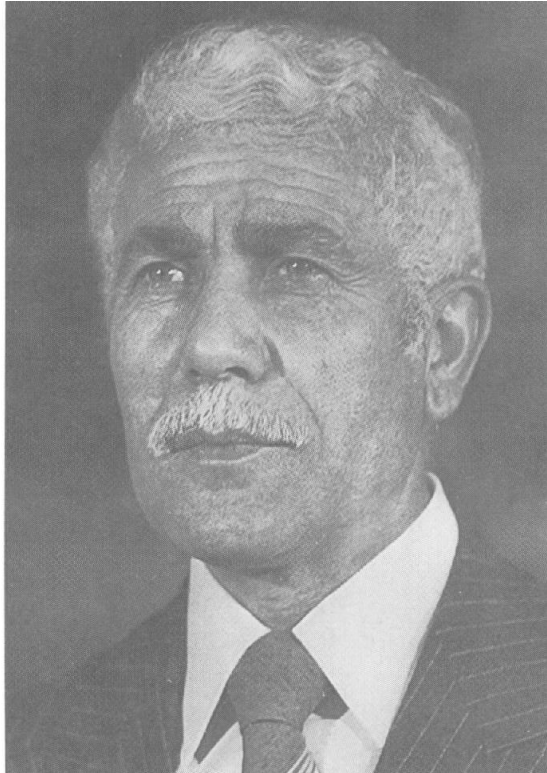
capacities and its ability to maintain political security and stability.

Benjedid's initial reforms concentrated on structural changes and economic liberalization. These measures included a shift in domestic investment away from heavy industry and toward agriculture, light industry, and consumer goods. State enterprises and ministries were broken up into smaller, more efficient, or at least more manageable, units, and a number of state-owned firms were divided and privatized. Benjedid opened the economy to limited foreign investment and encouraged private domestic investment. The new regime also undertook an anticorruption campaign. This campaign, aside from the obvious benefits of adding to the legitimacy of the regime, enabled Benjedid to eliminate much of the old-guard opposition loyal to Boumediene's legacy, thus strengthening his political control.

With his regime consolidated, Benjedid could intensify economic and political reform without the threat of opposition. His early reforms had been limited to the economic sector and had ensured that Benjedid remained in control of the reform process. By 1987 and 1988, however, he added political liberalization to the agenda and espoused free-market principles. He legitimized independent associations, even extending the new freedom to organize to the Algerian League of Human Rights, which had consistently criticized the regime for suppressing public political activity and demonstrations. In the economic sector, Benjedid gave state enterprises increased managerial autonomy. Central planning by the state ended, and firms became subject to the laws of supply and demand. In addition, the regime reduced subsidies, lifted price controls, and accelerated the privatization of state-owned lands and enterprises. Finally, Benjedid tackled the heavy fiscal deficit by increasing taxes and cutting spending at the central government level, as well as reducing state-purchased imports.

Despite all these measures, or perhaps because of them, Algeria found itself in a critical position politically and economically in 1988. Benjedid's reforms had exacerbated an already dismal economic situation. The dismantling and privatization of state enterprises had resulted in rising unemployment and a drop in industrial output. Trade liberalization, including import reduction and currency devaluation, and the removal of price controls and reductions in agricultural subsi-

*Former President Chadli
Benjedid (1979–92)
Courtesy Embassy of Algeria,
Washington*



dies resulted in a drastic increase in prices and an unprecedented drop in purchasing power.

The negative effects of the economic reforms were felt primarily by the disadvantaged. In contrast, the bourgeoisie and upper classes benefited greatly from economic liberalization. Economic measures legalized the private accumulation of wealth, ensured privileged access to foreign exchange and goods, and provided many with relative security as heads of recently privatized state enterprises. The result was widespread economic frustration and a lack of public confidence in the political leadership.

In October 1988, this economic and political crisis erupted in the most violent and extensive public demonstrations since independence. Following weeks of strikes and work stoppages, the riots raged for six days—from October 5 to 11. Throughout the country, thousands of Algerians attacked city halls, police stations, post offices—anything that was seen to represent the regime or the FLN. The disorder and violence were a protest against a corrupt and inefficient government and a discredited party. The riots were a product of declining living standards, rapidly increasing unemployment, and frequent food shortages. Furthermore, the riots represented a revolt against persistent inequality and the privileged status of the elite.

The poor economic situation was not unique to the Benjedid regime. Even the austere socialism of Boumediene, at least as tainted by corruption as its successor regime, had not guaranteed the economic well-being of the masses. The high oil prices in the 1970s had allowed Boumediene to fund an extensive state-supported welfare system, however, freeing him somewhat from popular political accountability. The crash of energy prices in the mid-1980s undermined this political tradeoff for a minimum standard of living and eventually undid Boumediene's successor, who had never managed to achieve quite the same level of stability. On the contrary, the political and economic liberalization under Benjedid polarized society by helping to expose the corruption and excesses of the elites while simultaneously opening up the political realm to the masses.

The government initially responded to the "Black October" riots by declaring a state of emergency and calling in the military, but the demonstrations spread. Hundreds were killed, including numerous young people, who made up the bulk of rioters in Algiers. The brutal military suppression of the riots would have far-reaching consequences, consequences that would ultimately lead to a redefinition of the military's role in the political configuration of the state. On October 10, Benjedid addressed the nation, accepting blame for the suppression and offering promises of economic and political reform. His hand had been forced. In an effort to regain the political initiative and contain the damage to his regime, Benjedid lifted the state of emergency, recalled the tanks, and announced a national referendum on constitutional reform.

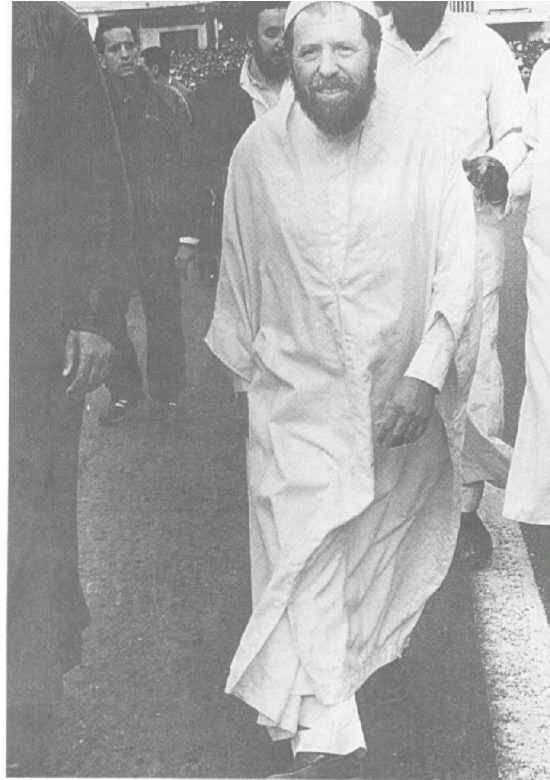
Democratization, October 1988–January 11, 1992

Benjedid is given credit for responding to the country's most extensive and destructive riots since independence with political liberalization rather than suppression. For the next two years, dramatic upheavals of the political system marked the opening up of the political arena to public participation. The reasons for Benjedid's response are variously seen as a means of furthering his own political ambitions by altering the political configuration in his favor, a sincere commitment to political reform and democratic ideals, or a desperate effort to regain the political initiative. Most likely, the impetus for reform was a combination of all three factors.

In the weeks following the strikes, Benjedid tried to distance himself from the party and the old guard. He dismissed Prime

*Abbassi Madani, leader
of the Islamic Salvation
Front (FIS)*

Courtesy Middle East Report



Minister Mohamed Cherif Messadia, as well as the head of military security and a number of other officials associated with the most conservative factions of the FLN and the military. The noticeable absence of FLN party cadres in the new technocratic government presaged the president's own departure from the FLN leadership. On November 3, 1988, a number of earlier proposed reforms were approved in a national referendum, and plans for revisions of the national constitution were announced. The reforms included separation of party and state, free representation in local and national elections, and some redefinition of the executive powers.

The new constitution, accepted by national referendum in February 1989, marked the most significant changes in the ideological and political framework of the country since independence. The ideological commitment to socialism embodied in earlier constitutions was missing, and the new document formalized the political separation of the FLN and the state apparatus. The 1989 constitution allowed for the creation and participation of competitive political associations, further strengthened executive powers, diminished the role of the military in the political triangle, and only briefly alluded to the historical role of the FLN.

Subsequent legislation formally legalized political parties and established a system of proportional representation in preparation for the country's first multiparty elections. Proportional representation was intended to benefit the FLN, but the new electoral code did the exact opposite, magnifying the plurality of the Islamic Salvation Front (Front Islamique du Salut—FIS) in the local and regional elections of June 12, 1990. The FIS, competing with more than twelve political parties and numerous independent candidates in the country's first multiparty elections, captured the greatest share of the anti-FLN/antiregime protest vote. The elections were officially boycotted by the Berber Front of Socialist Forces (Front des Forces Socialistes—FFS) and Ben Bella's Movement for Democracy in Algeria (Mouvement pour la Démocratie en Algérie—MDA), along with a number of smaller opposition parties. About 65 percent of the eligible voters participated in the elections. The high turnout undoubtedly benefited the FIS, which as the largest, and possibly the only, plausible challenge to the FLN received a good percentage of its mandate as antiregime backlash. It has been argued, however, that the 35 percent abstention rate resulted largely from a deliberate political choice. Ethnic enclaves, especially in the Berber region where voters might have been expected to support such boycotting parties as the FFS, had some of the lowest turnouts in the country, at around 20 percent.

Despite the devastating defeat dealt to the ruling party, the June 1990 results went undisputed by the government, and the new council members assumed their positions. The date for national legislative elections was advanced to the following June, and the country appeared well on its way toward achieving the region's first multiparty system to transfer power peacefully to an opposition party. Then on June 5, 1991, as campaigning opened for the country's first national multiparty elections, the process came to a rapid halt as public demonstrations erupted against the government's March electoral reforms favoring the ruling party. The president called in the army to restore order, declared martial law, dismissed the government, and indefinitely postponed parliamentary elections.

Three months earlier, in March 1991, the government had presented and passed a bill reminiscent of crude gerrymandering. The bill increased the number of parliamentary seats while altering their distribution to achieve over-representation in rural areas, where the FLN's base of support rested. The bill

also created a two-round voting system—if no party received an absolute majority in the first round, only the top two candidates would participate in a second-round runoff. The likely candidates in such a runoff would be the FIS and the FLN. The FLN anticipated that the general public, faced with only two choices, would favor the FLN's more traditional and secular platform over a party that represented Islamism. The remaining parties, it was thought, would win seats in parliament in their regional strongholds but would be marginalized, each expected to win no more than 10 percent of the vote.

Nearly every political party responded to this distortion of the electoral process. The FIS decried the targeting of the Islamist party by laws prohibiting the use of mosques and schools for political purposes and laws severely restricting proxy voting by husbands for their wives. The FFS and many other secular opposition parties denounced the electoral changes as leaving only "a choice between a police state and a fundamentalist state."

On May 25, the FIS called for a general strike. Tensions escalated, and by early June the military was called in for the first time since October 1988 to suppress mass protests and enforce martial law. Specifically targeting Islamists, the military arrested thousands of protesters, among them FIS leaders Abbassi Madani and Ali Belhadj (also seen as Benhadj), who were later tried and sentenced to twelve years in prison. The military also took advantage of the situation to reassert its influence in politics, calling for the resignation of Prime Minister Mouloud Hamrouche and his cabinet. The new caretaker government consisted largely of technocrats, a conservative elite drawn from the top ranks of the civil service and former state-owned enterprises. Sid Ahmed Ghazali, until then minister of foreign affairs and a former head of the state-owned gas and oil company, was named prime minister.

The Ghazali government distanced itself from the FLN party cadres while remaining subservient to the military. The FLN, meanwhile, broke into several factions. Benjedid resigned from the party leadership in July, alienating any remaining factions in the party that supported his regime. In September 1991, the state of emergency was lifted and new elections were set for December 1991 and January 1992.

Two months before the start of the elections, in October 1991, the government issued a new electoral law whose bias was hardly better disguised than that of the March reforms that had

provoked the initial demonstrations in June. The law increased the number of seats in the assembly, redistributed them to favor FLN strongholds, and omitted earlier provisions facilitating the participation of independent candidates. Moreover, most of the FIS political leadership was in prison (Madani and Benhadj had been joined by the remaining six members of the *majlis ash shura*, the FIS ruling council) and all newspapers were banned. Once again, the government sought to ensure that the results of the elections would be to its, and the military's, liking.

Nearly fifty political parties participated in the first round of the elections on December 26, 1991. The result was another clear victory for the FIS and an equally clear humiliation for the FLN, which once again performed poorly. The FIS appeared certain of achieving the two-thirds parliamentary majority necessary for constitutional reform. Its next closest competitor was the FFS, followed by the FLN as a distant third. With nearly 200 seats to be decided in runoff elections set for January 16, 1992, it appeared certain that a transfer of parliamentary power to the opposition was imminent.

The military, however, quickly affirmed its unwillingness to see power transferred to a political party it regarded as a threat to the security and stability of the state. Calling the government's position toward the Islamists "accommodating," the army called for the president's resignation and the suspension of the scheduled second round of elections.

Return to Authoritarianism, January 11, 1992

The coup, led by the minister of defense, Major General Khaled Nezzar, soon returned Algeria to an extremely tense state. Military troops were put on alert throughout the country, tanks and armored cars were deployed throughout Algiers, and military checkpoints were set up. President Benjedid resigned on January 11, citing "widespread election irregularities" and a risk of "grave civil instability." The military then reappointed Sid Ahmed Ghazali as prime minister. Ghazali was also named to head the new High Security Council (Haut Conseil de Sécurité—HCS), a six-member advisory body dominated by such senior military officials as Major General Nezzar and Major General Larbi Belkheir. This new collective executive body immediately assumed full political authority, suspending all other political institutions, voiding the December 1991 election results, and postponing future elections.

The HCS was soon replaced by the High Council of State (Haut Conseil d'État—HCE), designed as a transitional government that would have more political legitimacy than the HCS. In fact, the HCE differed little from the HCS. The new HCE was a five-member collective presidency dominated by military officials who had almost unlimited political powers. Former independence leader Mohamed Boudiaf was recalled from self-imposed exile in Morocco to lead the new HCE and serve as head of state.

The coup initially went almost unchallenged because even the FIS leadership discouraged its followers from provoking clashes with the military. Relative tranquility prevailed, and the military withdrew its tanks and troops in the following days.

Some Algerians even expressed support for the coup, citing fears of an Islamist government. Some 200,000 demonstrators marched in Algiers protesting the Islamists, and the main workers' union, the General Union of Algerian Workers (Union Générale des Travailleurs Algériens—UGTA), in early January threatened to resist any Islamist government.

The period of relative calm, however, was as deceptive as it was brief. Within a month, near civil war occurred as Islamists struck back against the military crackdown. The new government reimposed a state of emergency, banned the FIS in March, and dissolved the communal and municipal assemblies, most of which had been controlled by FIS members since the June 1990 elections. The government also banned all political activity in and around mosques and arrested Islamist activists on charges ranging from possession of firearms to promoting terrorism and conspiracy against the state. Military courts tried and sentenced the activists to lengthy imprisonment or death, without right of appeal and/or full awareness of the charges brought against them. Thousands of demonstrators were taken to makeshift prison camps in the Sahara while hundreds of others were detained for questioning and often tortured. Most of the remaining top FIS leadership was arrested, and thousands of rank-and-file party members were forced underground. Other reversals of the democratization process quickly followed. The press, which had slowly gained freedom, was quickly reined in, the National People's Assembly was indefinitely suspended, and the omnipresent and ubiquitous *mukhabarat* (state security apparatus) resurfaced.

Despite the military's obvious targeting of the Islamists, the latter's political suppression drew heavy criticism even from FIS

rivals. The FLN and the FFS soon proposed a tactical alliance with the FIS to counter the military government in an effort to preclude the complete abandonment of the democratic process.

The repressive military actions of the government against the Islamists were reminiscent of the military force used by the French colonial authorities against the nationalists during the War of Independence. Thousands of troops were mobilized and assigned to cities and all major urban centers. Curfews were imposed, removed, and reimposed. Entire neighborhoods were sealed off because of police sweeps and other searches for accused "terrorists." Islamists retaliated by killing military personnel, government officials, and police officers by the hundreds. Some 600 members of the security forces, and hundreds more civilians and Islamist demonstrators, were killed in the first twelve months following the coup. The majority of Algerians, meanwhile, were caught in the middle, distrusting the army as much as the Islamists.

The government, citing a need to "focus its full attention" on Algeria's economic problems, warned that it would not tolerate opposition. In reply, FIS leaders warned that the popular anger aroused by the political suppression was beyond their control. Hard-liners in FIS split from the more moderate pragmatists, criticizing the FIS leadership for cooperating with the government. As a result, radical factions replaced the relatively moderate FIS leadership, now long imprisoned. Meanwhile, other independent and radical armed Islamist groups arose, impatient not only with the government but also with the FIS itself. The new radicals, FIS officials acknowledged, were beyond FIS control.

On June 29, 1992, head of state Mohamed Boudiaf was assassinated during a public speech at the opening of a cultural center in Annaba. The death of Boudiaf at the hands of a military officer illustrated the extent to which Algeria's political crisis transcended a simple contest for power between Islamists and military leaders or between religious and secular forces.

Twenty months after the coup, the country was still being torn apart by constant fighting between Islamists and the military. Following Boudiaf's assassination, HCÉ member Ali Kafi was appointed head of state. On July 8, only a week later, Prime Minister Ghozali resigned, and Belaid Abdessalam was named to replace him. Both Boudiaf and Ghozali had begun to move toward a rapprochement with the Islamists, no doubt recogniz-

ing their desperate need for popular support in the absence of any sort of constitutional legitimacy.

The months following Boudiaf's assassination and Ghozali's resignation were marked by intensified efforts to suppress "terrorism." Emergency tribunals, headed by unidentified judges who levied "exemplary" sentences with no means of appeal, were established to try Islamist "terrorists." An antiterrorism squad was headed in 1993 by General Mohamed Lamari, a former government official under Ghozali who was removed from office to facilitate talks with the opposition. Islamist activity intensified as Islamists also targeted civilians—teachers, doctors, professors, and other professionals—whose sympathies might lie with the military.

Cooperation in 1993 among various opposition groups and the predominance of professionals, including doctors and teachers, in such radical groups as the Armed Islamic Movement, was considered by a well-informed observer to imply a "considerable level of antiregime collaboration among apparently respectable middle-class Algerians." Moreover, it appeared that the radicalization of the opposition, far from receding, has spread into traditionally more moderate sectors of society.

Since independence the government has relied on veterans of the revolutionary period as leaders, although they represent little more than vague historical figures to most Algerians. The government has also ignored numerous opportunities for dialogue with the opposition, opting for rule by decree without any constitutional mandate. Moreover, divisions within the government have greatly hindered the development of an effective economic policy, undoubtedly the key to Algeria's political turmoil in the early 1990s.

Prime Minister Abdessalam was greatly hampered in his economic efforts by his connection with Boumediene's failed heavy industrialization program from 1965 to 1977. On August 23, 1993, Abdessalem was dismissed and replaced by Redha Malek, formerly a distinguished diplomat but also a traditional nationalist vehemently opposed to the FIS and an advocate of a hard-line approach to combating "terrorism."

The legacy of the past has played heavily into the current political situation. For years the government had ruled without any accountability. Until the mid-1980s, corruption and inefficiency were often masked by high oil revenues that sustained an acceptable standard of living for most Algerians. Unfortu-

nately, this legacy has greatly undermined the country's ability to rise to the current political challenge by inhibiting the development of an effective economic sector and by provoking widespread dissatisfaction among the majority of Algerians.

Political Structure and Processes

The political triangle of army-party-state that has governed Algeria since independence underwent significant changes under the liberal reforms of Benjedid: a new constitution was adopted, the constitutionally protected role of the FLN eliminated, and the authoritarian lock on society loosened. Events since January 1992, however, have not only reversed those reforms but also reasserted the central and preeminent role of the military in the government. Algeria has been under a "state of emergency" almost since the coup through late 1993, allowing the state to suspend almost all rule of law. Although the civil institutions remained in existence, Algeria in late 1993 was essentially a military autocracy whose only functioning authority was the HCE and an advisory body called the National Consultative Council (Conseil Consultatif National—CCN). Created in February 1992 by presidential decree following the dissolution of the APN, the CCN was intended, in the absence of a working parliament, to function as an institutional framework for enacting legislation. In practice, it was little more than a rubber stamp for the HCE's proposals.

Structure of the National Government

Constitution

Since independence in 1962, Algeria has had three constitutions. The first of these was approved by a constitutional referendum in August 1963, only after prior approval and modifications by the FLN. Intended as a means of legitimizing Ben Bella's new regime, the constitution also established Algeria as a republic committed to socialism and to the preservation of Algeria's Arab and Islamic culture. The constitution lasted only two years, however, and was suspended upon Colonel Boumediene's military coup in June 1965. For the next ten years, Algeria was ruled without a constitution, although representative local and provincial institutions were created in the late 1960s in Boumediene's attempt to decentralize political authority. In 1976 the National Charter and a new constitution were drafted, debated, and eventually passed by national refer-

enda. Together, these documents formed the national constitution and ushered in the Second Algerian Republic. The new constitution reasserted the commitment to socialism and the revolutionary tradition of the nation, and established new government institutions, including the APN. The 1986 revisions continued the conservative nature of the previous constitutions but increased the role of the private sector and diminished the socialist commitment.

The revised constitution of February 1989 altered the configuration of the state and allowed political parties to compete, opening the way for liberal democracy. The new constitution removed the commitment to socialism embodied in both the National Charter and the constitution of 1976 and its 1986 revision. The references to the unique and historic character of the FLN and the military's role as "guardian of the revolution" were eliminated. The provisions for a unicameral legislature remained.

In what was considered a sweeping mandate of support for the liberalization efforts of Benjedid, a referendum on the 1989 constitution passed February 23, 1989, with a 75 percent approval and a 78 percent participation rate. The changes embodied in the constitution were not universally accepted, however. Within a month after the ratification of the new constitution, a number of prominent senior military officers resigned from the FLN Central Committee to protest the revisions. The most divisive issues included the separation of the religious institution and the state; the abandonment of the commitment to socialism; and the liberalization of political life, allowing independent political parties.

The 1989 constitution established a "state of law," accentuating the role of the executive and, specifically, the president, at the expense of the FLN. The president, having the power to appoint and dismiss the prime minister at will, and maintaining singular authority over military affairs, emerged as the dominant force. The FLN became but one of many political parties. The responsibilities of the army were limited to defense and external security. Moreover, the army was obliged to become less visible because of its role in suppressing the October 1988 revolts.

Executive: Presidential System

Constitutional provisions have historically concentrated almost all major powers of the state in the hands of the execu-

tive. The original constitution specified more than twenty powers over which the president had sole authority. Leadership qualities of the individual presidents have augmented these constitutional prerogatives and facilitated the development of an essentially authoritarian system. In 1989 the new constitution created a "state of law," relying on a strong executive capable of implementing the political liberalization necessary to democratize Algeria.

The greatest beneficiary of the constitutional revisions was the office of president. The 1989 constitution further strengthened the presidential system at the expense of both the party and the army. As head of state, head of the High Judicial Council, commander in chief of the armed forces, and chairman of all legislative meetings, the president has effective control over all state institutions. The president appoints and dismisses the prime minister and all other nonelected civilian and military officials. The APN votes on the president's choice, but if the president's nominations are rejected twice, the assembly is dissolved. The actions of the prime minister become the responsibility of the APN although they may not have been validated by it. Only the president can initiate constitutional amendments. The president may bypass the APN by submitting legislation of "national importance" directly to a national referendum. In fact, Benjedid's third term in office consisted largely of legislation issued through his Council of Ministers, essentially rule by decree.

Legislative: National People's Assembly

Algeria's first national legislature was formed in September 1962 under the constitution drafted by the Ben Bella regime but was suspended in 1965. For the next ten years, the Council of the Revolution ruled Algeria; there was no independent parliament. By 1976, with power consolidated in his hands, Boumediene commenced a series of reforms to establish formal political institutions. One of the first measures was the recreation of a national parliament.

The 1976 constitution described the APN as a unicameral, elected, representative legislative body. Under the 1989 law, deputies are elected for five-year terms, and all Algerians "enjoying full civil and political rights" and over the age of twenty-five are eligible. Elections occur by secret, direct, and universal ballot. Until the country's first multiparty elections in December 1991, all candidates were drawn from a single party

list, approved by the FLN, although multiple candidates could compete for a single constituency.

Role of Political Parties

FLN Role

The FLN had traditionally served as the only legal political party in the legislature and the only source of political identification. It controlled all aspects of political participation, including the trade unions and other civil organizations. In the prerevolutionary years, the party served as a source of national unity and mobilized the fight against French colonial domination. Having played such a dominant role in the War of Independence assured the FLN a privileged position in the emerging political configuration, a position preserved in the early constitutions.

The first Algerian constitution in 1963 established a single-party structure for the new nation and recognized the FLN as the single party. The constitution declared the party superior to the state—the party was to design national policy, the state to execute it. Political hegemony did not last long, however. Factional infighting within the party and Boumediene's heavily military-oriented presidency greatly undermined party authority. During most of the 1970s, with the Council of the Revolution as almost the sole political institution and Boumediene's cabinet primarily composed of military officers, the party's political functions were nearly eliminated. The president and his cabinet assumed the party's policy-making initiative; the elimination of the APN basically annulled mobilization responsibilities. The 1976 National Charter and constitution reasserted the party's symbolic and national role but bestowed little additional responsibility. In the late 1970s, with the reemergence of political institutions and elections, the party became again an important political actor. The creation in 1981 of a Political Bureau (or executive arm of the FLN in a communist sense), legislation requiring that all union and mass association leaders be FLN party members, and the extension of party authority resulted in the growth and increased strength of the party until the late 1980s, when its heavily bureaucratic structure came under serious scrutiny.

By the 1980s, the FLN had become discredited by corruption, inefficiency, and a broad generation gap that distanced the wealthy party elite from the realities of daily life for the

masses of impoverished young Algerians. The FLN had ceased to be the national "front" its name suggests. Algeria's economic polarization was such that only 5 percent of the population was earning 45 percent of the national income, whereas another 50 percent was earning less than 22 percent of national income. Members of the party elite enjoyed privileged access to foreign capital and goods, were ensured positions at the head of state-owned enterprises, and benefited from corrupt management of state-controlled goods and services. The masses, however, suffered from the increasing unemployment and inflation resulting from government reforms and economic austerity in the mid- to late 1980s. The riots of October 1988 indicated that the FLN had lost legitimacy in the eyes of the masses.

Increasing economic polarization was but one facet of the broadening generation gap. Thirty years after independence, the FLN continued to rely on its links to Algeria's revolutionary past as its primary source of legitimacy, ignoring the fact that for most voters what mattered was not the martyrs of the past but the destitution of contemporary life. Indeed, 70 percent of the population was born after the revolution.

Benjedid's call for constitutional reform began the collapse of the FLN. The 1989 constitution not only eliminated the FLN's monopoly but also abolished all references to the FLN's unique position as party of the avant-garde. The new constitution recognized the FLN's historical role, but the FLN was obliged to compete as any other political party. By mid-1989 the military had recognized the imminent divestiture of the FLN and had begun to distance itself from the party. The resignation of several senior military officers from party membership in March 1989, generally interpreted as a protest against the constitutional revisions, also reflected a strategic maneuver to preserve the military establishment's integrity as guardian of the revolution. Finally, in July 1991 Benjedid himself resigned from the party leadership.

The legalization of political parties in 1989 caused a number of prominent party officials to defect from the FLN in the months that followed, as ministers left to form their own political parties or to join others. A break between the old guard and the reform-minded technocrats dealt the final blow to any FLN aspirations to remain a national front and foreshadowed the party's devastating defeat in the 1990 and 1991 elections. By the time of the coup in January 1992, some factions had even

defected to join or lead Islamist parties, including a group that acted in alliance with the FIS.

Legalization of Political Parties and Beginnings of a Pluralist System

The legalization of political parties, further enunciated in the Law Relative to Political Associations of July 1989, was one of the major achievements of the revised constitution. More than thirty political parties emerged as a result of these reforms by the time of the first multiparty local and regional elections in June 1990; nearly sixty existed by the time of the first national multiparty elections in December 1991.

Granting the right to form "associations of a political character," the constitution recognized the existence of opposition parties. Earlier, such parties were precluded because the FLN had a national mandate as a front, eliminating the political necessity of competitive political parties. Other political associations had also been limited because trade unions and other civil associations fell under FLN direction and had little autonomy. The new constitution recognized all political associations and mandated only a commitment to national unity and sovereignty. The July law further clarified the guidelines for the establishment and participation of political parties.

The law prohibited associations formed exclusively on regional, ethnic, or religious grounds. Ironically, however, the two parties that profited most in the 1990 and 1991 elections were the FIS and the FFS from the Kabylie region. That these parties were among the first legalized in 1989 has given credence to those who maintain that Benjedid's liberalization was based more on tactical personal considerations than genuine democratic ambitions. They argue that these parties had the means and appeal to challenge the monopoly of the FLN. The FLN became the main antagonist to the liberalization program of Benjedid and his then prime minister, Hamrouche. By the time of the military coup, the FLN had completely broken with the government.

The December 1991 elections and the scheduled second-round runoffs in January 1992 provided the first national test for the new multiparty system. The elections were open to all registered parties—parties had to register before the campaign period began—and were contested by almost fifty parties. Voting was by universal and secret ballot, and assembly seats were awarded based on a proportional representation system. Only 231 of the 430 seats were decided in the first round of elections

in which 59 percent of eligible voters participated, but an Islamist victory seemed assured by the Islamist command of 80 percent of the contested seats. The second round of elections was canceled by the military coup of January 11, 1992.

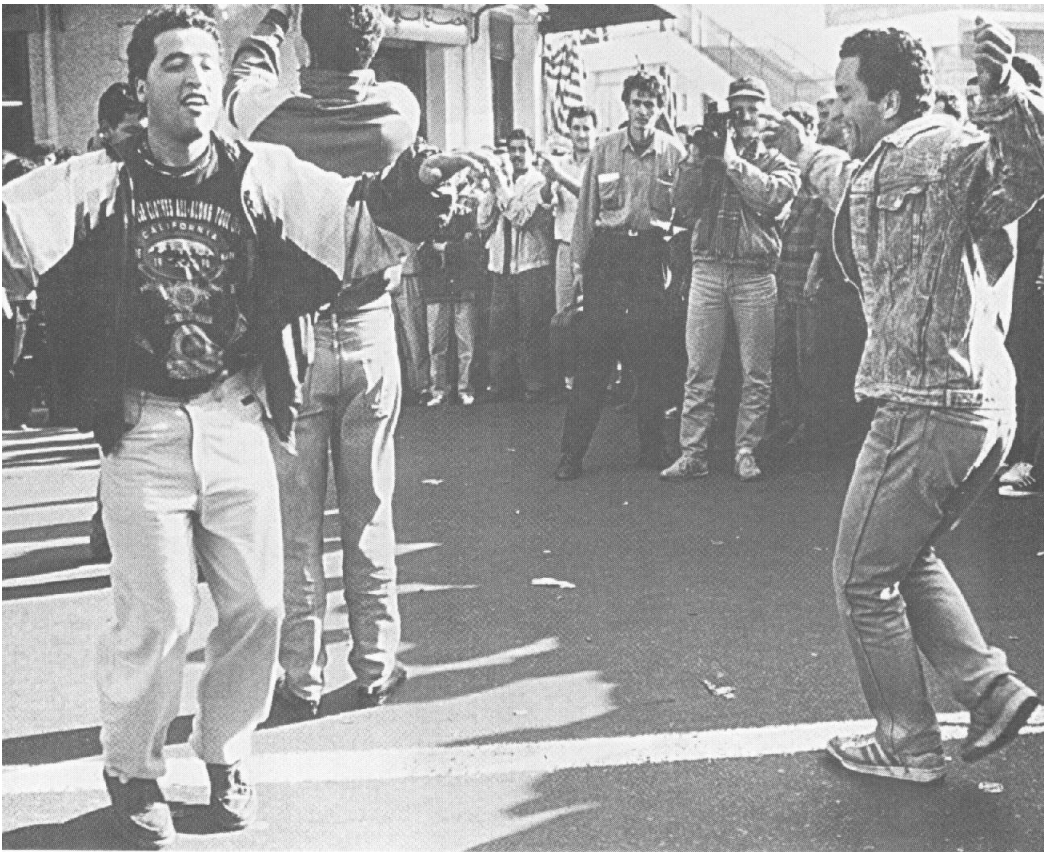
Electoral System

The pre-1989 electoral system allowed for multiple candidates for local and national elections, although all candidates were drawn from an FLN list. Districts were divided based on a proportional representation system. The legalization of competitive political parties in 1989 challenged the FLN with candidates drawn from other party lists. To preserve the FLN's political domination, the National People's Assembly, in which the FLN dominated, made modifications to the electoral districts. These redistributions involved heavy overrepresentation of the rural and less populated regions, traditional strongholds of the FLN, and drew heavy criticism from all political parties.

In the new system of proportional representation, all seats in the local and national assemblies are awarded to the party winning a majority of the popular vote. In the absence of an absolute majority, the party with a plurality of votes receives 51 percent of the seats, and the remaining seats are proportionally divided among all other parties receiving at least 7 percent of the total popular vote. This new electoral system actually served to undermine the FLN when the FIS emerged as the most popular party in the June 1990 local elections and again in the first round of national elections in December 1991. In May 1991 and again in October 1991, the National People's Assembly approved new electoral codes adding extra seats, so that the total number of seats came to 430, up from 261 in 1976.

Judicial System

The judicial system, in common with other aspects of Algeria's culture, shares features of its French and Arab traditions. Throughout the French colonial period, secular courts prevailed as the final judicial authority, although Islamic sharia courts had jurisdiction over lower-level cases, including civil cases, criminal offenses, family law, and other personal matters. Secular courts in Algeria owed their existence to the earlier Turkish administrative control, however, not French imposition. The French courts replaced the Turkish courts and, in so doing, modified them to reflect French principles of justice. The secular courts were authorized to review sharia court deci-



*Berber men, members of the Front of Socialist Forces of Hocine Ait Ahmed, dancing on the street, 1991
Courtesy Susan Slymovics and Middle East Report*

sions, although for the majority of Algerians, the sharia court was the final source of judicial authority. Following independence in 1962, the government promised to create a new judicial system that would eliminate the French colonial legacy and reflect more accurately the ideological orientation of the new state, which was committed to both socialism and the Arab and Islamic tradition. The revised legal system was not created until 1975, under Boumediene, when new civil and criminal codes were announced.

These codes reflected the divergent nature of socialist and traditional Islamic notions of justice. Family law, personal status (especially regarding the rights of women), and certain criminal penalties were divisive issues, and many were simply omitted from the new judicial codes. In the 1980s, Benjedid

proposed a family code, which drew extensive public criticism but was ultimately passed in 1984.

Judges are appointed by the executive branch, and their appointment may be challenged only by the High Judicial Council. Judges are not tenured, although they remain relatively free from political pressure. The 1976 constitution asserted a judicial responsibility to uphold the principles of the revolution; this commitment has lessened in importance, however, as Algeria has moved away from its socialist origins.

The judicial tradition has stipulated that defendants be fully aware of the charges against them, that they have free access to legal counsel, and that they be able to contest a judicial outcome in a court of appeal. The constitution upholds basic principles of personal liberty and justice and prohibits the unnecessary holding of individuals for questioning for longer than forty-eight hours. Under Benjedid's political liberalization, constitutional respect for individual freedoms expanded. A number of political prisoners were released, and the elimination of exit visas and the legalization of political associations facilitated the exercise of free speech, movement, and expression.

Individual freedoms were, however, subordinate to military concerns and issues of national security and have been regularly suspended under periods of martial law. The military leadership in the early 1990s suspended almost all institutions of state, including those of the judicial branch. Islamist leaders and other criminal offenders have been tried by military tribunals and have received heavy sentences of imprisonment or death. The HCE, as the military presidency, is an authoritarian government responsible only to itself. Even at the best of times, the executive is not subordinate to the judicial branch, the president serving as head of the High Judicial Council. In the early 1990s, however, cases arising out of the state of emergency as opposed to ordinary civil or criminal cases have been assigned to the military tribunals.

Supreme Court

The Supreme Court resides in Algiers. Its main directive is to ensure the equal and just application of law in all parts of the country. The Supreme Court has four major divisions: a Private Law chamber for civil and commercial cases, a Social Division that presides over issues of social security and labor, a Criminal Court, and an Administrative Division. The court has

appellate authority over lower court decisions through the power of abrogation. This appellate power is more limited than United States notions of judicial review. The Supreme Court can review lower court decisions only on questions of procedure, not questions of legal dispute. When overruled, lower court decisions are returned to the lower courts for retrial. The Supreme Court issues no legal decisions and lacks jurisdiction over government actions and/or the constitutionality of government decrees. Traditionally, the Supreme Court has ruled in favor of sharia law over contemporary secular law.

Provincial Courts

The forty-eight provincial courts have four divisions similar to those of the Supreme Court: civil law, criminal law, administrative, and accusation—or grand jury—courts. Civil cases may be referred to the provincial courts by appeal from the tribunals. Criminal cases can be of original or appellate review. Provincial courts have original jurisdiction for serious crimes. The Chamber of Accusation, serving as a grand jury, hears and charges a criminal suspect. The defendant must then go before a criminal tribunal, where a panel of three judges and four lay jurors hears the case.

Tribunals

Each *dairah* (pl., *dawair*, administrative district) has at least one tribunal. The tribunals are courts of first instance and cover civil and less serious criminal cases. They are intended to be easily accessible to the general public and are relatively informal in judicial practice. All of these courts are governed predominantly by Islamic law.

Military Tribunals

Military courts try matters relating to espionage, state security, and other offenses committed by military personnel. These courts are also activated under periods of martial law and have been used to try numerous Islamists, the most notable being Abbassi Madani and Ali Belhadj, leaders of the FIS, which was banned in 1992. The courts consist of three civil judges and two military judges. One of the civil judges presides.

High Judicial Council

The 1976 constitution provided for the establishment of a

High Judicial Council responsible for presiding over issues of judicial discipline and implementation and the appointment of judicial officials. The president of the nation serves as president of the council, and the minister of justice serves as vice president. The council is also charged with advising the president on the exercise of his power to pardon.

Local and Regional Government

The system of local government existing in the early 1990s was established under Boumediene in the late 1960s. The decentralization of local government during the latter period provided an alternative focus to the concentration of power in the highly centralized single-party apparatus and in Boumediene's own personalist rule. An extensive system of administration restricted the autonomy and independent action of provincial and local assemblies. Communal and provincial councils were generally confined to purely administrative and/or distributive functions, rubber stamping national government initiatives. Political campaigning was the responsibility of the FLN, not the individual candidates; this system eliminated electoral competition and resulted in a lethargic and apathetic administrative government at the local and regional levels despite the FLN's initial mandate to "politicize the masses." Voter turnout at local elections has generally been low. In contrast, in Algeria's first multiparty elections in June 1990, almost two-thirds of the population participated.

Wilayat

Algeria is divided into forty-eight *wilayat* (sing., *wilaya*), which are, in effect, provinces (see fig. 1). The *wilayat* owe their origins to the colonial system, where they served as bureaucratic units of colonial administration. The system was reformed and expanded (from fifteen provinces to forty-eight) by the Wilaya Charter of 1969, which enumerated a specific legal code for the government of the provinces. The system was reformed again in 1976 by the national constitution.

Each *wilaya* is governed by a Popular Wilaya Assembly (Assemblée Populaire de Wilaya—APW). This deliberative body consists of thirty deputies and holds elections every five years. The first APW elections were held in May 1969. Each *wilaya* is also governed by a *wali*, or governor, who is appointed by the president and is the latter's direct political representative at the regional level. Both the Executive Council of the

APW and the APW itself report directly to the *wali*. *Wilaya* government is responsible for the distribution of state services; the regulation of small and medium-sized industry, agriculture, tourism, road transport, and education institutions; and the creation of new state-owned enterprises. Efforts, most notably in the reforms of the early 1980s, to strengthen the financial and political autonomy of these regional governments have achieved only mixed success. The APWs and other popularly elected bodies were in abeyance in late 1993.

Dawair

Algeria has 227 administrative districts, or *dawair* (sing., *dairah*), units between the *wilayat* and the communes. Certain licenses and permits must be obtained from the *dawair*, although most are distributed by the local communal authorities.

Communes

The local rural governing authority is the Communal Popular Assembly (Assemblée Populaire Communale—APC). The APCs are responsible for local administration, economy and finance, social and cultural affairs, and planning. Having no economic and little political autonomy, however, the communes administer central government programs rather than initiate independent projects. Each communal assembly has ten to eighty members, who are elected for five-year terms. The first APC elections were held in February 1967. The assembly elects a communal executive from its membership. The communal executive generally consists of a president, two or more vice presidents, and several councillors. The APCs and the communal executives are directly responsible to the national Ministry of Interior, Local Communities, and Tourism and receive much assistance, direction, and supervision from various ministries.

Municipal Government

The number of seats in each Municipal Council is determined by proportional representation. Constituencies with a population of fewer than 10,000 residents have a minimum of seven council members. Council members are proportionally designated up to a maximum of thirty-three for residential districts with more than 200,000 inhabitants.

Effective Institutions

Political Configuration: The Army-Party-State Triangle

All national power and decision-making authority rest in the hands of a select elite and a select group of institutions. This elite structure has been characterized by its triangular configuration of army, party, and state. This configuration persists despite its fluidity—vacillating between peaceful coexistence and vehement competition for dominance. Events of the early 1990s and the subsequent realignment of this political configuration in favor of the military pose substantial challenges for Algeria's future development and stability because the administrative elite and top party functionaries have been relegated to a subordinate position.

In the years immediately following independence, no one faction of the political elite could control the entire political system. National preoccupation with state stability and political consolidation ensured a relatively stable balance among the competing elite factions. Under Boumediene, the party was reduced to a minor role while a civil-military autocracy in the form of the Council of the Revolution emerged as the predominant political force—consistent with Boumediene's vision of the development of a stable and secure, heavily centralized government. The party and other national institutions were allowed to disintegrate to preclude the emergence of any significant opposition to his highly concentrated government.

Renewed political institutionalization and mass politicization in the late 1970s countered this diminution of the party's role. The 1976 National Charter and constitution acknowledged the party's historical role while enhancing its position as the single legal party affiliation under which candidates could run in the newly created local, regional, and national assemblies. The elimination of the Council of the Revolution and the subsequent absorption of its remaining members into the Party Congress of the FLN after Boumediene's death further enhanced the party's national status.

Benjedid's regime, despite a reduction of formal executive powers immediately preceding his assumption of office, was marked by "power consolidation," which strengthened his personal control at the expense of state, military, and especially party elites. The deemphasis on personal politics (at least at the highest levels of government) and the increased importance of institutional life, however, eventually opened the way for the

army's return as the dominant political force by greatly undermining the other sides of the political triangle.

The Elite

Historically, the elite enjoyed its greatest preeminence under the socialist Boumediene regime, with its emphasis on heavy industrialization. The elite includes civil service employees, the technocratic top personnel in the state's major nationalized industries and enterprises (e.g., the National Company for Research, Production, Transportation, Processing, and Commercialization of Hydrocarbons—Sonatrach—and the National Company for Electricity and Gas), and economic and financial planners responsible for the national development program. Together these elite groups are responsible for planning, developing, focusing, and administering Algeria's economic and industrial sector. Having expanded significantly under Boumediene, this sector contracted substantially with the economic liberalization under Benjedid, although it remained a vital force and, historically, the most efficient and productive sector of the national elite. Because personal contacts and privileged access to capital account for personal status and class in Algeria, the administrative elite and its networks represent a major factor in the political environment. The administrative elite, although generally less politically visible than the party and military elites, can directly influence development by managing programs linked to economic growth and political stability.

Since the late 1980s, the administrative elite has provided a pool of technocrats for the staff of both the civilian government and the military presidency, which rely heavily on them in modernizing Algeria's economy. At the same time, the administrative elite has increasingly been plagued by factionalism.

The other major elements of the elite consist of the FLN and the military. Within the FLN, the Party Congress is the highest political organ. It consists of national delegates, representatives from the various mass associations and professional unions, local and regional elected officials, APN deputies, and military leaders. The congress determines general party policy, adopts and revises party statutes, and elects both the secretary general of the party and its Central Committee. The Central Committee, which is divided into various commissions, is an

elected assembly that serves only during recesses of the Party Congress.

The military, consisting primarily of the People's National Army (*Armée Nationale Populaire*—ANP), has remained a constant force in Algerian politics, at times quite visible, at times more subtle. The military's most potent source of power emanates from its monopoly of the coercive instruments of force. Equally significant, however, is the military's symbolic role as "guardian of the revolution" and guarantor of state stability. Its technical and administrative skills have been critical to Algeria's political and economic development. A certain domestic prestige stems from the military's influential role in regional and international affairs. The military is also very active in local and provincial affairs. Army officials are represented on all major political institutions and frequently have more influence in regional administration than do the civilian provincial governors.

Historically, the army has interfered only when conditions "necessitated" military intervention to ensure the security of the state. In January 1992, only days away from national legislative elections that were likely to return a sweeping Islamist victory, the military resurfaced politically in a highly visible manner. Anticipating what the armed forces interpreted to be a "grave threat" to the secular interests and political stability of the state and defying the apparent government and national volition, the military demonstrated that it alone would determine the course of Algerian politics.

Military Dictatorship

The system of power in 1993, like that between 1965 and 1978, was a military dictatorship with few legal institutions defining it. Following the coup of January 1992 that ousted Benjedid and eliminated constitutional rule, a collective presidency was established, responsible for implementing political authority. The national constitution has been suspended (a referendum on a new constitution and political structure was expected to be held in late 1993), so all political powers have been assumed on a *de facto* basis with almost no limitations.

High Council of State

The High Council of State (*Haut Conseil d'État*—HCE) is the official name for the collective presidency that governed Algeria in late 1993. A five-member council, it was presided

over by Ali Kafi, a former War of Independence veteran and founding member of the FLN, serving as head of state. The prime minister was Redha Malek, a distinguished figure of the preindependence and postindependence periods, who served his country in several diplomatic posts including that of ambassador to the United States (1979–82); in the latter capacity he was instrumental in negotiating the release of United States hostages in Iran in 1981. The HCE replaced the High Security Council, the transitional government that assumed power immediately following the coup, and was dominated by military officials, although it has been marked by frequent changes of personnel. Its mandate was due to expire at the end of 1993, when it was scheduled to hand over power to a new transition government that would be entrusted with resuming the democratic process.

National Consultative Council

The National Consultative Council (Conseil Consultatif National—CCN) was conceived by head of state Mohamed Boudiaf in February 1992 as an ex-officio institution to fill the legislative vacuum and to validate HCE legislation. The APN, Algeria's national legislature, was suspended one week before the military coup in January 1992. The CCN is an advisory board of sixty members whose principal function is to "provide studies, analysis, and examination of policy," and in the absence of a working parliament, "to provide an institutional framework for passing legislation." The council was originally headed by Redha Malek, whose official title was president of the council. The council has no members from the FLN or from the FIS, which in 1993 was banned. It consists of business leaders, journalists, and academics. Several council members have been assassinated, allegedly by Muslim extremists intent on punishing "collaborators" of the military junta.

The Islamist Factor

Islam in Algeria is part of the political tradition dating back before independence, when the revolutionary rhetoric of the FLN drew upon the unifying force of Islam to strengthen national cohesion and opposition to colonial rule. In the postindependence period, the government, recognizing the mobilizing potential of Islam as a political force, tried to bring activist Islamist groups under its control. Despite these efforts, an independent Islamist movement eventually emerged that

would form the basis for the most significant opposition party to the government in the late 1980s and early 1990s.

Whereas more than fifty independent parties and more than one Islamist organization emerged in the months following the legalization of parties, the FIS emerged as the only national contender to the hegemony of the FLN. Although not the only Islamist party, the FIS could attract a large percentage of the electorate. The FIS presented the only viable and comprehensive alternative program to that of the existing regime and offered a social and religious focus as well.

The Islamist Movement since the Late 1980s

Until the late 1980s, the government required that imams be named by the Ministry of Religious Affairs and prohibited the formation of any Islamist political or public association. Sermons and religious speeches were monitored, and worship services could be held only in officially designated mosques. But, with the urban growth that occurred during the 1970s and 1980s, the government could not keep up with the proliferation of mosques and neighborhood associations. This "imam shortage" opened the way for the independent Islamist movement, which quickly moved in to fill the public arena. These "unofficial imams" preached wherever they could find space and occupied official mosques in defiance of government legislation. The Islamists who occupied these urban mosques offered comprehensive social programs that included schooling, business development and neighborhood beautification, garbage pickup, tutoring sessions, and economic assistance for needy families. In a time of severe economic crisis and apparent government ineptitude, the Islamists did not seem to be limited by the reductions in municipal budgets and appeared committed to social welfare programs and improving the material condition of the general populace.

This social commitment would later benefit the political aspirations of the movement by creating a mass base from which to draw public support, even from those sectors unlikely to support an Islamist party. In fact, the commercial bourgeoisie—entrepreneurs driven by profit motives—were among the most important financial contributors to the Islamist movement. These businessmen were attracted to the FIS program by promises of tax cuts, deregulation, and economic incentives for business development. The Islamist movement has a national as well as a religious appeal. It has attacked the widespread cor-

ruption in the government and suggested solutions for the housing and unemployment crises. All of these efforts provide attractive campaign points for any opposition party, religious or secular, and allow the Islamist movement to transcend the traditional bases of Islamist support.

Role of the FIS

The Benjedid government in the early 1980s relaxed the restrictions on Islam and its political expression, hoping to preclude the development of a more politically active Islamist movement. Islamist political opposition to the regime was tolerated, more mosques were constructed, religious education in the schools was encouraged, and in 1984 a new family code closely following Islamic tenets was enacted. A number of prominent Islamic leaders were released from prison, including Abbassi Madani, a university professor who would be one of the founders of Algeria's first Islamic political party.

The FIS emerged as a political party on September 16, 1989. One of the first parties to apply for legal recognition in Algeria's new multiparty system, the FIS had begun to take shape in the months before the constitutional revision that legalized political parties. Islamist leaders met between February and August 1989 while the APN was debating the new legislation that would enact the constitutional provision allowing for the creation of "associations of a political character." The FIS named Shaykh Abbassi Madani, a moderate Western-educated professor of comparative literature at the University of Algiers, as its leader. His second in command was Ali Belhadj, a high school teacher known for his fiery and militant rhetoric and radical notions of the role of political Islam. This dual leadership and the lack of a clear doctrine allowed for the variable interpretation and pluralistic nature of the FIS as a political party. The more moderate Madani represented a conservative faction within the party intent on using the democratic system to implement its Islamist code. Belhadj, with wider grass-roots support, drew the younger population intent on the immediate imposition of Islamic law.

In line with the nationalist appeal of the Islamic movement, FIS as a political party has transcended religious affiliation. In the economic sphere, the FIS advocates a free-market approach with lower taxes and incentives for developing the private sector. The party also calls for cuts in military spending. Its program is largely driven by domestic interests and is not

linked to an international Islamist movement. In fact, the party platform in late 1992 called for international cooperation with the West to explore and expand Algeria's natural resources and export potential.

Many people have minimized the strength of the FIS by maintaining that its greatest appeal has been in the impoverished urban centers filled with unemployed and discontented youth. To this view one must add a few qualifiers. First, in the early 1990s more than 70 percent of Algeria's total population was under the age of thirty (more than 50 percent was under the age of nineteen). To the extent that the party appeals to disgruntled youth, it appeals to a huge percentage of the population. Second, whereas large numbers of unemployed fill the ranks of the FIS, they are without work primarily as a result of poor economic policy and limited opportunity. These factors constitute an inevitable and legitimate precipitate for a backlash vote against the incumbent regime. Finally, the June 1990 local elections demonstrated that the appeal of the FIS was not limited to the poorer districts. FIS candidates won in many affluent districts in the capital and in such provinces as El Tarf, home of Benjedid.

At the time of the June 1990 elections, the FIS was a pluralist and generally moderate party. Under the leadership of Abbassi Madani, in contrast to Ali Belhadj, the FIS resembled a moderate social democratic party more than a radical Islamist party. The radicalization of the Islamists and the violent uprisings that dominated political life in 1992 and 1993 resulted from the revived political authoritarianism led by the army and were not necessarily an attribute of the party itself. In fact, the party, untested in a national capacity, can be measured only by its actions. In those local districts controlled by the FIS since the 1990 elections, few of the radical changes feared by many outsiders and the old guard in the ruling elite have transpired. In part the retention of the status quo has been caused by substantial cuts in municipal budgets and in part by the lack of time and flexibility to alter drastically existing legislation. However, disagreements within the leadership itself, especially over the timetable for implementation of Islamic principles, have been perhaps the strongest factor in the lack of change.

Civil Society

Politicized Algerian civil society owes its origins to the pre-revolutionary period when it absorbed many of the French

notions of associational life and state-society relations. From the 1920s until the War of Independence, Algerians were allowed to participate in French professional and trade unions and other mass organizations. Through most of Algeria's independent history, civil society and mass organizations have been subordinate to the state-party apparatus and relegated to roles of recruitment and propaganda. From 1968 until 1989, all mass associations were incorporated under the direct administration of the FLN. From the party's perspective, integrating the independent organizations enabled the party to become a true "front," a unique body representing the populace, while simultaneously inhibiting the development of any independent political opposition. Subordinate to the party administration, the associations quickly became engrossed in mobilizing mass support for the party and government and less occupied with pursuing the interests of the groups they represented.

The political crisis of the late 1980s radically altered the dynamic in which the people accepted central control in return for economic security by shifting some of the initiative away from the state and toward civil society. "Associations of a political character" were legalized and allowed to organize, recruit, and demonstrate. In 1989 the legalization of political parties resulted in a large number of independent interest groups emerging as political parties, attesting to the pervasive nature of associational life in Algerian political culture despite government efforts at "depoliticization" and heavy government supervision. Party proliferation was facilitated by a loosening of government regulations. Government authorization became necessary only for those organizations having a "national character," and legalization was extended to any party that did not pose a direct threat to national sovereignty. Hundreds of independent institutions emerged in the following years.

Algerian General Workers' Union and the Workers' Movement

If any one element of civil society has consistently presented a cohesive and substantive constituency, it is the workers' unions. The explosion of union activity following political liberalization in the late 1980s indicates that the affiliational role of the unions has persisted despite years of subordination to party directives.

The Algerian General Workers' Union (Union Générale des Travailleurs Algériens—UGTA) was created in 1956 after Algerian participation in French trade unions was banned. Despite

the union's efforts to remain independent, it was taken over by the FLN leadership in 1963. Under the party structure and the socialist tenets of the National Charter, the UGTA became more of an administrative apparatus than an independent interest group. The UGTA consistently opposed mass strikes and public demonstrations that threatened productive economic activity and supported government legislation to prohibit strikes in certain industrial sectors. Until the mid-1980s, all member unions were integrated federations spanning several industries. After 1984 and in response to increasing independent activity on behalf of the workers, these large federations were broken down into smaller workers' assemblies, greatly reducing the political force of the large unions and strengthening the managerial control of the UGTA authorities. The number of strikes sharply declined in the following years.

From 1989 until January 1992, union activity increased to an intensity not previously witnessed. Splits within the UGTA, the creation of a number of new, smaller, and more active unions—including the formation of an Islamic labor union—and a rapid rise in the number of strikes and demonstrations have quickly politicized a previously dormant workers' movement. The frequency and size of labor strikes jumped; Ministry of Labor figures placed the number of strikes for 1989 at 250 per month, four times that of the previous year.

The growth of the workers' movement illustrates the genuineness of democratization in the period up to the January 1992 coup. Labor has generally not supported economic liberalization, and strikes have hampered a number of the government's free-market reforms. The government's response to and tolerance for increased mass politicization and especially union activity will undoubtedly provide clear evidence of the likelihood for successful democracy in the 1990s.

Youth and Student Unions

The FLN formed the National Union of Algerian Students (Union Nationale des Étudiants Algériens—UNÉA), but party directives had less impact on the UNÉA than on other FLN-influenced bodies such as the UGTA. The student union was quite active throughout the 1960s despite government attempts to quell the movement. Strikes, boycotts, and other violent clashes between student groups and government officials continued to upset numerous university campuses until

the union was suppressed and dissolved in 1971. The student movement was subsequently absorbed into the more docile National Union of Algerian Youth (Union Nationale de la Jeunesse Algérienne—UNJA), a national conglomerate of youth organizations controlled by the FLN. The UNJA was the only youth group to be recognized officially in the list of national associations enumerated in the National Charter of 1976.

Despite a brief surge of student demonstrations in the late 1970s, the UNJA leadership has increasingly met with apathy and a lack of interest on the part of both high-school and university students—in part because of the existence of a number of local organizations that parallel UNJA activities. Most of the UNJA's roster in 1993 did not consist of students.

As has been true for most other elements of civil society, FLN dominance has translated into a greater emphasis on party propaganda and mobilization than on the association's own objectives. Implementing these objectives posed a challenge to the student union leadership. Union leaders face a disillusioned constituency—students who upon completing years of education cannot find jobs, masses of impoverished and unemployed youth with little confidence in distant authorities, and youth without nostalgia for the War of Independence they are too young to remember. When the population exploded onto the streets in October 1988, it was the students who were the first to organize and who made up the bulk of demonstrators in the six days of rioting.

The National Union of Algerian Farmers

The National Union of Algerian Farmers (Union Nationale des Paysans Algériens—UNPA) was created in 1973 and officially incorporated by the FLN. The UNPA has great organizational complexity, having a number of affiliated and administrative bodies at the local and regional levels. The UNPA has less autonomy than other national associations because the Ministry of Agriculture has assumed many of its ostensible functions. Most agricultural lands were nationalized under Boumediene, and the union thus consists of farmers having few or no noncollectivized lands. Lacking an independent history as a union before its creation as part of the party apparatus, the UNPA has been less politically active, less cohesive, and less influential than some of its counterparts. Reciprocal efforts by the government to revive the agricultural sector and by the union to educate the government regarding the

inherent limitations of small cultivators have improved the number of services and general production conditions of agricultural workers. Government reforms under Benjedid decentralized and broke up ownership of most of the nationalized lands, although demands persisted for the restitution of all nationalized lands. These demands were loudest from factions that have broken off from the UNPA to form their own independent agricultural unions since 1988.

The Entrepreneurial Class

One of the most recent sectors of civil society to emerge as an independent movement is that of the entrepreneurs. For most of Algeria's political history, the socialist orientation of the state precluded the development of a class of small business owners and resulted in strong public anticapitalist sentiment. Economic liberalization under Benjedid transformed many state-owned enterprises into private entities and fostered the growth of an active and cohesive group of professional associations of small business owners, or *patronat*. The *patronat* has maintained almost continuous dialogue with the government, has strongly supported government reforms, and has persisted in its lobbying efforts. The *patronat* consists of well over 10,000 members and is steadily expanding. Some of its member associations include the Algerian Confederation of Employers, the General Confederation of Algerian Economic Operators, and the General Union of Algerian Merchants and Artisans.

Socialist Vanguard Party

The Socialist Vanguard Party (Parti de l'Avant-Garde Socialiste—PAGS), although not legally recognized, has persisted as a political opposition party throughout the single-party period. As an outgrowth of the Algerian Communist Party (Parti Communiste Algérien—PCA), which disappeared soon after Algerian independence, the PAGS has consistently opposed the government, offering sharp criticism of all political leaders and most of their programs. Its members, referred to as "Pagsistes," have infiltrated almost every legally recognized mass association despite their unofficial status. The Pagsistes have been especially prominent in such organizations as the UNJA and UGTA, encouraging leftist tendencies. The legalization and proliferation of political parties in 1989 in practice annulled the necessity of the PAGS's continued existence; the Pagsistes essentially disappeared into the plethora of nationally recog-

nized opposition groups. No communist party or political association has been legally recognized.

The Women's Movement

The Algerian women's movement has made few gains since independence, and women in Algeria remain relegated to a subordinate position that compares unfavorably with the position of women in such neighboring countries as Tunisia and Morocco. Once the war was over, women who had played a significant part in the War of Independence were expected, by the government and society in general, to return to the home and their traditional roles. Despite this emphasis on women's customary roles, in 1962, as part of its program to mobilize various sectors of society in support of socialism, the government created the National Union of Algerian Women (Union Nationale des Femmes Algériennes—UNFA). On March 8, 1965, the union held its first march to celebrate International Women's Day; nearly 6,000 women participated.

The union never captured the interest of feminists, nor could it attract membership among rural workers who were probably most vulnerable to the patriarchal tradition. In 1964 the creation of *Al Qiyam* (values), a mass organization that promoted traditional Islamic values, delivered another blow to the women's movement. The resurgence of the Islamic tradition was largely a backlash against the role of French colonists in the preindependence period. During the colonial period, the French tried to "liberate" Algerian women by pushing for better education and eliminating the veil. After the revolution, many Algerians looked back on these French efforts as an attempt by the colonists to "divide and conquer" the Algerians. Islam and Arabic tradition became powerful mobilizing forces and signs of national unity.

Women's access to higher education has improved, however, even if their rights to employment, political power, and autonomy are limited. For the most part, women seem content to return to the home after schooling. Overall enrollment at all levels of schooling, from primary education through university or technical training, has risen sharply, and women represent more than 40 percent of students (see Education, ch. 2).

Another major gain of the women's movement was the *Khemisti Law*. Drafted by Fatima Khemisti, wife of a former foreign minister, and presented to the APN in 1963, the resolution that later came to be known as the *Khemisti Law* raised the mini-

minimum age of marriage. Whereas girls were still expected to marry earlier than boys, the minimum age was raised to sixteen for girls and eighteen for boys. This change greatly facilitated women's pursuit of further education, although it fell short of the nineteen-year minimum specified in the original proposal.

The APN provided one of the few public forums available to women. In 1965, following the military coup, this access was taken away when Boumediene suspended the APN. No female members were elected to the APN under Ben Bella, but women were allowed to propose resolutions before the assembly (e.g., the Khemisti Law). In the early postindependence years, no women sat on any of the key decision-making bodies, but nine women were elected to the APN when it was reinstated in 1976. At the local and regional level, however, women's public participation rose significantly. As early as 1967, ninety-nine female candidates were elected to communal assemblies (out of 10,852 positions nationwide). By the late 1980s, the number of women in provincial and local assemblies had risen to almost 300.

The 1976 National Charter went far toward guaranteeing legal equality between men and women. The charter recognizes women's right to education and refers to their role in the social, cultural, and economic facets of Algerian life. However, as of late 1993, the number of women employed outside the home remained well below that of Tunisia and Morocco.

A new family code backed by conservative Islamists and proposed in 1981 threatened to encroach on these gains and drew the protest of several hundred women. The demonstrations, held in Algiers, were not officially organized by the UNFA although many of the demonstrators were members. The women's objections to the family code were that the code did not contain sufficient reforms. The debate over the family code forced the government to withdraw its proposal, but a conservative revision was presented in 1984 and quickly passed by the APN before much debate resurfaced. The 1981 proposal had offered six grounds for divorce on the part of the wife, allowed a woman to work outside the home after marriage if specified in the marriage contract or at the consent of her husband, and imposed some restrictions on polygyny and the conditions in which the wives of a polygynous husband were kept. In the revised code, provisions for divorce initiated by women were sharply curtailed, as were the restrictions on polygyny, but the minimum marriage age was increased for both women and



*Women demonstrating in Algiers and Oran in January 1992 against the FIS election victory
Courtesy Susan Slymovics and Middle East Report*

men (to eighteen and twenty-one, respectively). In effect, however, although the legalities were altered, little changed for most women. Further, it was argued that the enunciation of specific conditions regarding the rights of the wife and the absence of such specifications for the husband, and the fact that women achieve legal independence only upon marriage whereas men become independent at age eighteen regardless of marital status, implicitly underline women's inferior status. Protest demonstrations were once again organized, but, occurring after the fact (the code had been passed on June 9), they had little impact.

A number of new women's groups emerged in the early 1980s, including the Committee for the Legal Equality of Men and Women and the Algerian Association for the Emancipation of Women, but the number of women actively participating in such movements remained limited. Fear of government retaliation and public scorn kept many women away from the women's groups. At the same time, the government had become increasingly receptive to the role of women in the public realm. In 1984 the first woman cabinet minister was appointed. Since then, the government has promised the creation of several hundred thousand new jobs for women, although the difficult economic crisis made achievement of this goal unlikely. When the APN was dissolved in January 1992, few female deputies sat in it, and no women, in any capacity, were affiliated with the HCE that ruled Algeria in 1993, although seven sat on the sixty-member CCN. The popular disillusionment with the secular regime and the resurgence of traditional Islamist groups threaten to further hamper the women's movement, but perhaps no more so than the patriarchal tradition of the Algerian sociopolitical culture and the military establishment that heads it.

The Press

From national independence and until the late 1980s, Algeria had almost no independent news media. Colonial legislation banned all nationalist publications during Algeria's fight for independence, and, although a few underground papers were circulated, independent Algeria emerged with no significant national news source. Ben Bella did not inhibit the freedom of the press in the immediate aftermath of the war, but self-imposed limitations kept the press rather prudently progovernment.

In 1964 government control tightened, and most Algerian news publications were nationalized. All news media became subject to heavy censorship by the government and the FLN. A union of journalists was formed under FLN auspices but was largely insignificant as an independent association until the late 1980s.

The primary function of the news media was not to inform or educate but to indoctrinate—affirming and propagating the socialist tenets of the national government, rallying mass support behind government programs, and confirming national achievements. No substantive and little surface-level criticism was levied against the regime, although evaluations of the various economic and social problems confronting the nation were available. Article 55 of the 1976 constitution provided that freedom of expression was a protected liberty but that it could not jeopardize the socialist objectives or national policy of the regime. The Ministry of Information worked to facilitate government supervision and to inhibit circulation of unauthorized periodicals. Almost all foreign newspapers and periodicals were likewise prohibited. Television and radio news programs escaped some of the more heavy censorship although they, too, were expected to affirm government policies and programs. Most news broadcasts were limited to international events and offered little domestic news other than accounts of visiting foreign delegations and outlines of the government's general agenda.

In the late 1980s, the situation changed under Benjedid. Independent national news sources were encouraged and supported. The new constitution reaffirmed the commitment to free expression, this time with no qualifying restrictions. New laws facilitated and even financially assisted emerging independent papers. Limitations on the international press were lifted, resulting in a mass proliferation of news periodicals and television programs presenting an independent position to a nation accustomed to getting only one side of the picture.

The liberalization facilitated the creation and circulation of a number of independent national French- and Arabic-language newspapers and news programs. A 1990 law legislated a guaranteed salary for the first three years to any journalists in the public sector establishing independent papers. As a result of the explosion of local papers, journals, radio and television programs as well as the relaxation of laws inhibiting the international press, the Algerian public has been educated and

politicized. Journalists have become an important and influential sector of civil society. One program in particular, "Face the Press" (*Face à la Presse*), appearing weekly and pitting national leaders against a panel of journalists, has drawn immense popular enthusiasm. Among the major newspapers are *Al Moudjahid* (The Fighter), the organ of the FLN, published in Arabic and French; the Arabic dailies *Ach Chaab* (The People, also an FLN organ), *Al Badil* (The Alternate), *Al Joumhouria* (The Republic), and *An Nasr* (The Victory); and the French dailies *Horizons* and *Le Soir d'Algérie* (Algerian Evening). As part of the military crackdown following the January 1992 coup, the news media have been restricted once again. A limited number of newspapers and broadcasts continue to operate, but journalists have been brought in by the hundreds and detained for interrogating. Tens more have been arrested or have simply disappeared, or have been killed by Islamists.

The Arabization Movement

The arabization of society was largely a reaction to elite culture and colonial domination and dates back to the revolutionary period when it served as a unifying factor against French colonial forces. The Arabic and Islamic tradition of the Algerian nation has been preserved through constitutional provisions recognizing its fundamental role in developing Algerian political character and national legislation encoding its existence in Algerian daily life—in courts and in schools, on street signs, and in workplaces. Arabization is seen as a means of national unity and has been used by the national government as a tool for ensuring national sovereignty.

Under Boumediene, arabization took the form of a national language requirement on street signs and shop signs, despite the fact that 60 percent of the population could not read Arabic. Calls have been made to substitute English for French as the second national language, eliminate coeducational schooling, and effect the arabization of medical and technological schools. Algeria remains caught between strident demands to eliminate any legacy from its colonial past and more pragmatic concerns about the costs of rapid arabization.

Emotional loyalties and practical realities have made arabization a controversial issue that has consistently posed a challenge to the government. In December 1990, a law was passed that would effect complete arabization of secondary school and higher education by 1997. In early July 1993, the most

recent legislation proposing a national timetable for imposing Arabic as the only legal language in government and politics was again delayed as a result of official concerns about the existence of the necessary preconditions for sensible arabization. The law was to require that Arabic be the language of official communication—including with foreign nations, on television, and in any other official capacities—and would impose substantial fines for violations.

Meanwhile the pressure for arabization has brought resistance from Berber elements in the population. Different Berber groups, such as the Kabyles, the Chaouia, the Tuareg, and the Mزاب, each speak a different dialect. The Kabyles, who are the most numerous, have succeeded, for example, in instituting the study of Kabyle, or Zouaouah, their Berber language, at the University of Tizi Ouzou, in the center of the Kabylie region. Arabization of education and the government bureaucracy has been an emotional and dominant issue in Berber political participation. Young Kabyle students were particularly vocal in the 1980s about the advantages of French over Arabic.

The arabization of Algerian society would expedite the inevitable break with France. The French government has consistently maintained a tolerant position, arguing that arabization is an Algerian "internal affair"; yet it seems certain that such sweeping changes could endanger cultural, financial, and political cooperation between the two countries. Despite both Algerian and French statements concerning the wish to break free of the legacy of the colonial past, both nations have benefited from the preferential relationship they have shared, and both have hesitated to sever those ties. The language question will undoubtedly remain a persistent and emotional issue far into the future.

Foreign Policy

General Trends

Algeria's own revolutionary tradition and its commitment to self-determination and nationalism have historically influenced its foreign policy. Pledged to upholding and furthering the revolution against imperialism, Algeria has been a prominent leader in both the region and the developing world. As time has passed, the ideological ambitions of the immediate postindependence years have been subordinated to more pressing economic and strategic interests. Even during the austere

socialist years of Boumediene, economic factors played a significant role in determining the course of foreign policy toward both East and West.

By the late 1980s, Algeria's own economic and political problems and the changed global situation and international economy had restricted Algerian foreign policy. The new domestic regime altered Algeria's ideological commitments, moving the country away from its socialist orientation and closer to the West. Algeria's strategic economic and political initiatives in regional affairs began to take precedence over a greater ideological commitment to the developing world and Africa. The 1976 National Charter redefined Algeria's foreign policy objectives, revoking the commitment to socialist revolution and shifting toward nonalignment in the world arena. The domestic situation—the growing popular unrest and decreasing government revenues and standard of living—limited the freedom of the government to commit itself externally. Focusing on issues of direct relevance to the domestic economy became the greatest priority. Concurrently, the surge in popular movements and opposition parties increased the political constraints on foreign policy actors, as evidenced by the dramatic reversal of the government's position on the Iraqi invasion of Kuwait in 1990.

Africa

The Maghrib

The Maghrib (see Glossary) remains a politically, economically, and strategically important area for Algerian foreign policy objectives. Sharing economic, cultural, linguistic, and religious characteristics, as well as national borders, the Maghrib nations have historically maintained highly integrated diplomatic interests. Before Algerian independence, the other Maghrib nations, former colonies themselves, supported the revolutionaries in their fight against the French, providing supplies, technical training, and political assistance. After independence, relations became strained, especially between Algeria and Morocco, whose conservative ideological orientation conflicted with Algeria's socialist direction, and tensions existed over boundary issues between the two. Accusations of harboring political insurrectionists from each other's countries damaged relations between Algeria and both Morocco and Tunisia throughout the 1970s. In the 1980s, however, political and eco-

conomic liberalization in Algeria drew the countries closer together, and relations improved dramatically. As Algeria's foreign policy orientation has shifted toward regional concerns and away from unsustainable ideological commitments, efforts toward forging a Greater Maghrib have dominated Algerian foreign policy.

The notion of a Greater Maghrib has historical allusions to a more glorious and precolonial past and has provided a unifying objective to which all Maghrib leaders have subscribed. Achieving more concrete steps toward political and economic cooperation, however, has proved much more difficult because political and economic rivalries and strategic regional interests have frequently inhibited amicable relations. In 1964 a Maghrib Permanent Consultative Committee was established to achieve a Maghrib economic community. This committee was plagued with differences, however, and could not reach an agreement on economic union. In the late 1980s, following the historic diplomatic reconciliation between Algeria and Morocco, an accord finally established an economic and political Union of the Arab Maghrib (Union du Maghreb Arabe—UMA).

Morocco in June 1988 acceded to the formation of an intra-Maghrib commission responsible for developing a framework for an Arab Maghrib union. This action broadened the scope of the Treaty of Fraternity and Concord that had originated in 1983 as a bilateral agreement between Tunisia and Algeria. The treaty pledged each nation to respect the other's territorial sovereignty, to refrain from supporting insurrectionist movements in the other country, and to abstain from using force for resolving diplomatic controversies. Prompted by Tunisian diplomatic concerns about Libyan ambitions and Algeria's hope to solidify its regionally predominant position through a solid political confederation, Tunisia and Algeria opened the agreement to all other Maghrib nations, and Mauritania joined later the same year. (Mauritania's accession to the treaty precipitated a bilateral agreement between Libya and Morocco, the Treaty of Oujda, signed in August 1984, declaring political union and establishing a regional dichotomy.)

The UMA treaty—signed in February 1989 in Marrakech, Morocco, by Algeria, Libya, Mauritania, Morocco, and Tunisia—provided a loose framework for regional cooperation. It established a presidential council composed of the heads of

state of each member country; the countries jointly shared a rotating presidency, a consultative council, and a judicial body. Aside from Libya, political inclinations for turning the UMA into a more substantial confederation have been weak. Plans for a common economic market will not come into effect until the year 2000, and bilateral agreements have dominated political negotiations. The greatest significance of the UMA is its symbolism. The North African economic union presents a potential counterpart to the European Community (EC—see Glossary), whose cooperation threatens to undermine the position of Maghrib exports and migrant workers. Political cooperation has presented a means of countering the rise of Islamist radicals, who in the early 1990s were challenging the political regimes in most if not all of the North African nations. Finally, the UMA provides a regional forum for resolving conflicts, the most notable of which has been the Algerian-Moroccan dispute over the Western Sahara.

Algeria's relations with Morocco, its neighbor to the west and most significant Maghrib rival, have been dominated by the issue of self-determination for the Western Sahara. The national integrity of this former colonial territory has caused a deep-seated antagonism and general mistrust between the two nations that has permeated all aspects of Moroccan-Algerian relations. Algeria's interest in the region dates back to the 1960s and 1970s when it joined Morocco in efforts to remove Spain from the territory. After Spain announced its intention to abandon the territory in 1975, the united front presented by the two nations quickly disintegrated, as a result of Morocco, and subsequently Mauritania, staking claims to the territory. Algeria, although not asserting any territorial ambitions of its own, was averse to the absorption of the territory by any of its neighbors and called for self-determination for the Saharan people. Before the Spanish evacuation, Spain, Morocco, and Mauritania agreed to divide the territory and transfer the major part to Morocco and the remaining southern portion to Mauritania. This agreement violated a United Nations (UN) resolution that declared all historical claims on the part of Mauritania or Morocco to be insufficient to justify territorial absorption and drew heavy Algerian criticism.

Guerrilla movements inside the Saharan territory, most especially the Popular Front for the Liberation of Saguia el Hamra and Río de Oro (Frente Popular para la Liberación de Saguia el Hamra y Río de Oro—Polisario), having fought for

Saharan independence since 1973, immediately proclaimed the creation of the Saharan Arab Democratic Republic (SADR). Algeria recognized this new self-proclaimed state in 1976, and has since pursued a determined diplomatic effort for international recognition of the territory; it has also supplied food, matériel, and training to the guerrillas. In 1979, after many years of extensive and fierce guerrilla warfare, Mauritania ceded its territorial claims and withdrew. Morocco quickly absorbed the vacated territory. Once the SADR gained diplomatic recognition from the Organization of African Unity (OAU) and many other independent states, Morocco came under international pressure. As a result, the Moroccan government finally proposed a national referendum to determine the Saharan territory's sovereignty in 1981. The referendum was to be overseen by the OAU, but the proposal was quickly retracted by the Moroccan king when the OAU could not reach agreement over referendum procedures. In 1987 the Moroccan government again agreed to recognize the Polisario and to meet to "discuss their grievances." Algeria stipulated a solitary precondition for restoration of diplomatic relations—recognition of the Polisario and talks toward a definitive solution to the Western Saharan quagmire. Without a firm commitment from the Moroccan king, Algeria conceded and resumed diplomatic relations with Morocco in 1988. The political stalemate and the guerrilla fighting have continued almost uninterrupted since 1987. As of late 1993, UN efforts to mediate the conflict as a prelude to a referendum on the territory seemed to be making modest headway.

Far less troublesome have been Algeria's relations with Tunisia. Smaller and in a more precarious position vis-à-vis Libya, Tunisia has consistently made efforts to align with Algeria. In the 1970s, Tunisia reversed its position on the Western Sahara so as not to antagonize Algerian authorities. Tunisia was the first nation to sign the Treaty of Fraternity and Concord with Algeria, in 1983. Throughout Algeria's independent history, it has joined in a number of economic ventures with Tunisia, including the transnational pipeline running from Algeria through Tunisia to Italy. In 1987 the departure from power in Tunisia of President Habib Bourguiba and his replacement by the more diplomatic Zine el Abidine Ben Ali brought the two nations closer again.

Similarly, relations with Libya have generally been amicable. Libyan support for the Polisario in the Western Sahara facili-

tated early postindependence Algerian relations with Libya. Libyan inclinations for full-scale political union, however, have obstructed formal political collaboration because Algeria has consistently backed away from such cooperation with its unpredictable neighbor. (A vote by the CCN on June 30, 1987, actually supported union between Libya and Algeria, but the proposal was tabled and later retracted by the FLN Central Committee after the heads of state failed to agree.) The Treaty of Oujda between Libya and Morocco, which represented a response to Algeria's Treaty of Fraternity and Concord with Tunisia, temporarily aggravated Algerian-Libyan relations by establishing a political divide in the region—Libya and Morocco on one side; Algeria, Tunisia, and Mauritania on the other. Finally, in 1988 Libya was invited to participate in the intra-Maghrib commission that was responsible for developing the North African union. The establishment of the UMA in February 1989 marked the first formal political or economic collaboration between the two neighbors.

Sub-Saharan Africa

Despite its membership and founding role in the OAU, Algeria remains a society much more closely affiliated with its Arab neighbors and counterparts than with the African countries to the south. In many countries, economic crisis and dependency on foreign aid have diminished the prospects of liberation movements and hence also reduced the relevance of Algeria's liberation experience for those nations. Algeria has, however, resolved its remaining border conflicts with Mali, Niger, and Mauritania and generally maintains harmonious relations with its southern counterparts. Economic linkages remain fairly limited in the 1990s, constituting less than 1 percent of Algeria's total trade balance, although a new transnational highway running across the Sahara is expected to increase trade with sub-Saharan Africa.

In the early postindependence years, Algeria committed itself to the fight against colonialism and national suppression in sub-Saharan Africa. Its commitment was reflected in its support for the revolutionary movements in Zimbabwe, Guinea-Bissau, Angola, Mozambique, and Namibia and in its condemnation of South Africa. Algeria has not officially retreated from its earlier ideological affinity for the revolutionary movements in Africa, but its role has become that of mentor rather than revolutionary front-runner. As Algeria has

found its influence in the rest of Africa greatly reduced, its economic interests, ideological affiliation, and identification have fallen more in line with the Maghrib, the Mediterranean, and the Middle East.

Algeria has consistently reaffirmed its commitment to the OAU, although its interests in this regional organization have frequently been motivated more by tactical considerations than ideological affinity. Algeria has worked toward strengthening the structure and mediating capacities of the OAU, largely hoping to use the organization to further its own views on the issue of self-determination for the Western Sahara.

Arab and Middle East Affairs

Algeria's national commitment to pan-Arabism and Arab causes throughout the Middle East and North Africa has resulted in an active role in the region. It joined the League of Arab States (Arab League) immediately following national independence in 1962. Since that time, Algeria's historical and ideological commitment to national revolution and self-determination has resulted in a strong affinity for the Palestinians in Israel, one of the Arab League's most compelling causes. Algeria has consistently supported the Palestinians and the Palestine Liberation Organization (PLO) and spurned the idea of diplomatic resolution with Israel. The Algerian government has steadily backed the mainstream faction of the PLO under the leadership of Yasir Arafat—hosting sessions of the PLO's National Council, intervening on its behalf in diplomatic negotiations with Syria and Lebanon, condemning internal divisions, and working toward the reconciliation of competing factions within the organization. Algeria supported Arafat's decision, denounced by Palestinian hard-liners, to sign a peace treaty with Israel in September 1993.

Algeria's energetic efforts on behalf of the PLO and the Palestinian cause have from time to time jeopardized its relations with other Arab nations (Jordan, Lebanon, Syria, and Egypt), many of which host significant Palestinian populations of their own. Despite Algerian indebtedness to Egypt for assistance during the revolutionary period, the Algerian government severed all relations with Egypt in the late 1970s over Egypt's peace treaty with Israel; relations gradually improved only with a change of leadership in both countries. More recently, Egypt's President Husni Mubarak and Algeria's President Chadli Benjedid found each other's moderate policies more palatable

than those of their predecessors and jointly worked toward a resolution of the Arab-Israeli conflict. Similarly, Algeria incurred difficulties with Iraq over its involvement in the peace talks concluding the eight-year war between Iran and Iraq. Persistent calls by Algeria for an end to the conflict that it considered so damaging to the pan-Islamic movement led to a peace proposal that Iraq viewed as overly favorable to Iran. The proposal was alleged to have provoked Iraqi fighters to shoot down an Algerian aircraft carrying prominent Algerian officials involved in the peace talks, including the country's foreign minister.

Algeria shares a cultural identity with the Arab-Islamic nations but is separated by its distance from the rest of the Middle East. The closed nature of the authoritarian regime that governed Algeria for most of its independent history has precluded the development of mass enthusiasm for, or awareness of, external causes and conflicts.

The period of the Iraqi invasion of Kuwait in August 1990 and the subsequent retaliation by the largely Western coalition forces was the first time a significant portion of the Algerian public became mobilized over a foreign policy issue. Arab identification with Iraq drew support from the masses in unprecedented numbers. The overt support for Iraq on the part of the FIS and Ben Bella's Movement for Democracy in Algeria (*Mouvement pour la Démocratie en Algérie*) and a mass rally in support of Iraq's Saddam Husayn resulted in a fast reversal by the government from its original position condemning the Iraqi aggression. Changing state-society relations—a more active civil society and a more informed public—have meant new foreign policy directions characteristic of a government more responsive to its public. In late 1993, Algeria's foreign policy toward nations of the Middle East, however, had not changed significantly. Its relations with the West, especially its former colonizer, had changed markedly since the immediate post-independence period.

The West

Early Algerian foreign policy caused it direct conflict with the Western powers as it struggled against colonialism. Since the latter 1970s, however, Algeria has determinedly pursued a policy of nonalignment that has facilitated relations with the West. Economic and political liberalization have likewise reduced the barriers inhibiting diplomatic relations with

Europe and the United States. As Algeria moved toward a free-market economy and liberal democratic polity, its diplomatic objectives shifted away from the Soviet Union and toward the West. In a rather surprising turn of events, the military coup that upset the Algerian democratic experiment was tolerated, even approved of, by the West.

The United States

Historically, the United States and Algeria have had competing foreign policy objectives that have come closer only gradually. Algeria's commitment to strict socialism and to a global revolution against Western capitalism and imperialism antagonized relations with the United States, seen, in Algerian eyes, to embody all that the revolution scorned. United States maintenance of good relations with France precluded close ties with Algeria in the years during and following the War of Independence, although the United States sent an ambassador to Algeria in 1962. Algeria broke diplomatic relations with the United States in 1967, following the June 1967 war between Israel and most of its neighbors, and United States relations remained hostile throughout the next decade. United States intervention in Vietnam and other developing countries, Algerian sponsorship of guerrilla and radical revolutionary groups, United States sympathies for Morocco in the Western Sahara, and United States support for Israel all aggravated a fundamental ideological and political antagonism. Official relations resumed in the mid-1970s, although it was not until the late 1970s that relations normalized. By then Algerian leniency and passive tolerance for terrorist hijackers drew enough international criticism that the government modified its policy of allowing aid and landing clearance at Algerian airports for hijackers.

In the 1980s, increased United States demands for energy and a growing Algerian need for capital and technical assistance lessened tensions and resulted in increased interaction with the United States after the relative isolation from the West during the Boumediene years. Liberalization measures undertaken by Benjedid greatly facilitated the improved relations. In fact, an economic rapport with the West had been growing throughout the previous decade despite tense political relations. Algeria was becoming an important source of petroleum and natural gas for the United States. In 1980 the United States

imported more than US\$2.8 billion worth of oil from Algeria and was Algeria's largest export market.

Algeria's role as intermediary in the release of the fifty-two United States hostages from Iran in January 1981 and its retreat from a militant role in the developing world as its domestic situation worsened opened the path to peaceful relations with the United States. Algeria's domestic situation was becoming increasingly critical because its traditional source of economic assistance, the Soviet Union, was threatened by internal problems. In search of alternative sources of aid, in 1990 Algeria received US\$25.8 million in financial assistance and bought US\$1.0 billion in imports from the United States, indicating that the United States had become an important international partner.

On January 13, 1992, following the military coup that upset Algeria's burgeoning democratic system, the United States issued a formal but low-key statement condemning the military takeover. Twenty-four hours later, Department of State spokesmen retracted the statement, calling for a peaceful resolution but offering no condemnation of the coup. Since then, the United States, like many of its Western counterparts, has appeared resigned to accepting a military dictatorship in Algeria. The military government has reaffirmed its commitment to liberalizing its domestic economy and opening the country to foreign trade, undoubtedly accounting for some of the Western support for the new Algerian regime.

France and the Mediterranean Countries

Despite ambiguous sentiment in Algeria concerning its former colonial power, France has maintained a historically favored position in Algerian foreign relations. Algeria experienced a high level of dependency on France in the first years after the revolution and a conflicting desire to be free of that dependency. The preestablished trade links, the lack of experienced Algerian government officials, and the military presence provided for in the Evian Accords ending the War of Independence ensured the continuance of French influence. France supplied much-needed financial assistance, a steady supply of essential imports, and technical personnel.

This benevolent relationship was altered in the early Boumediene years when the Algerian government assumed control of French-owned petroleum extraction and pipeline interests and nationalized industrial and energy enterprises. French mil-

itary units were almost immediately pulled out. France, although apparently willing to maintain cooperative relations, was overlooked as Algeria, eager to exploit its new independence, looked to other trade partners. Shortly afterward, Algerian interest in resuming French-Algerian relations resurfaced. Talks between Boumediene and the French government confirmed both countries' interest in restoring diplomatic relations. France wanted to preserve its privileged position in the strategically and economically important Algerian nation, and Algeria hoped to receive needed technical and financial assistance. French intervention in the Western Sahara against the Polisario and its lack of Algerian oil purchases, leading to a trade imbalance in the late 1970s strained relations and defeated efforts toward bilateral rapprochement. In 1983 Benjedid was the first Algerian leader to be invited to France on an official tour, but relations did not greatly improve.

Despite strained political relations, economic ties with France, particularly those related to oil and gas, have persisted throughout independent Algerian history. Nationalized Algerian gas companies, in attempting to equalize natural gas export prices with those of its neighbors, alienated French buyers in the late 1970s and early 1980s, however. Later gas agreements resulted in a vast growth of bilateral trade into the billions of dollars. Further disputes over natural gas pricing in the late 1980s led to a drastic drop in French-Algerian imports and exports. The former fell more than 10 billion French francs, the latter 12 billion French francs between 1985 and 1987. A new price accord in 1989 resurrected cooperative ties. The new agreement provided substantial French financial assistance to correct trade imbalances and guaranteed French purchasing commitments and Algerian oil and gas prices. French support for Benjedid's government throughout the difficult period in 1988 when the government appeared especially precarious and subsequent support for economic and political liberalization in Algeria expedited improved French-Algerian relations. Finally, rapprochement with Morocco, a number of joint economic ventures between France and Algeria, and the establishment of the UMA relaxed some of the remaining tensions.

One source of steady agitation has been the issue of Algerian emigration to France. French policies toward Algerian immigrants have been inconsistent, and French popular sentiment has generally been unfavorable toward its Arab popula-

tion. The French government has vacillated between sweeping commitments to "codevelopment," involving extensive social networks for immigrant Algerian laborers, and support of strict regulations concerning work and study permits, random searches for legal papers, and expeditious deportation without appeal in the event of irregularities. North African communities in France remain relatively isolated, and chronic problems persist for Algerians trying to obtain housing, education, and employment. A number of racially motivated incidents occur each year between North African immigrants and French police and citizens.

Equally problematic has been Algeria's handling of the emigrant issue. The government has provided substantial educational, economic, and cultural assistance to the emigrant community but has been less consistent in defending emigrant workers' rights in France, frequently subordinating its own workers' interests to strategic diplomatic concerns in maintaining favorable relations with France. The rise of Islamism in Algeria and the subsequent crackdown on the Islamists by the government have had serious implications for both countries: record numbers of Algerian Islamists have fled to France, where their cultural dissimilarity as Arab Islamists is alien to the country.

In the early 1990s, nearly 20 percent of all Algerian exports and imports were destined for or originated from France. More than 1 million Algerians resided in France and there were numerous francophones in Algeria, creating a tremendous cultural overlap. French remained the language of instruction in most schools and the language used in more than two-thirds of all newspapers and periodicals and on numerous television programs. Algeria and France share a cultural background that transcends diplomatic maneuvers and has persisted throughout periods of "disenchantment" and strained relations. Over time, however, the arabization of Algeria and the increasing polarization of society between the francophone elite and the Arab masses have mobilized anti-French sentiment. Support for the arabization of Algerian society—including the elimination of French as the second national language and emphasis on an arabized education curriculum—and the recent success of the FIS indicate a growing fervor in Algeria for asserting an independent national identity. Such an identity emphasizes its Arab and Islamic cultural tradition rather than its French colonial past. However, France's support for the military regime

that assumed power in early 1992 indicates that the cooperative relations between the two countries remain strong.

For obvious geographic reasons, Italy, Spain, Greece, and Turkey share a privileged position in Algerian foreign relations. The economic and strategic significance of Algeria as a geographically adjacent and continentally prominent nation is relevant to the foreign policies of the Mediterranean nations. Whereas Algeria's relations with France have been complicated by confusing emotional and cultural complexities, its relations with the other Mediterranean countries have been primarily driven by economic factors. Both Spain and Italy have become substantial importers of Algerian gas—1989 figures indicated that Italy was Algeria's largest customer for natural gas. A transnational pipeline with three undersea pipes runs from Algeria through Tunisia to Italy, and work has begun on another. Greece and Turkey have both signed import agreements with Algeria's national hydrocarbons company, known as Sonatrach. Spain and Italy have extended sizable credit lines for Algerian imports of Spanish and Italian goods. Since the latter 1980s, Algeria has devoted increased attention toward regional concerns, making the geographical proximity of the Mediterranean nations of growing importance to Algeria's diplomatic and economic relations.

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For the immediate preindependence and postindependence periods, the best political analysis is found in William B. Quandt's *Revolution and Political Leadership: Algeria, 1954–1968* and David B. Ottaway and Marina Ottaway's, *Algeria: The Politics of a Socialist Revolution*. The Boumediene and Benjedid periods are covered from contrasting conceptual perspectives in John P. Entelis's *Algeria: The Revolution Institutionalized*, Mahfoud Ben-noune's *The Making of Contemporary Algeria, 1830–1987*, and Rachid Tlemcani's *State and Revolution in Algeria*. The most recent analysis incorporating political, economic, and social events through the military coup d'état of January 1992 is the work edited by John P. Entelis and Philip C. Naylor, *State and Society in Algeria*. (For further information and complete citations, see Bibliography.)

