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WHAT PRICE ALGERIA?

A Letter from Charles F. Gallagher

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EXECUTIVE DIRECTOR

Tangier  
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Many French leaders feel they know the value of Algeria, in terms of national sentiment or political prestige, but how many know the price of it -- in the long pull as well as in today's fighting? Is Algeria really worth it?

These questions have recently been pre-occupying some French economists, who feel that Algeria is destined, whatever the outcome of the present struggle, to become an unbearable burden on whoever is responsible for the country's economy, in the next decade and after.

The problem of the cost of current operations is much more present in the minds of most Frenchmen than is the thought of how to pay for development in the future. And not all sources are agreed on how much of a drain France is presently undergoing. One objective appreciation, that of the United Nations Economic Commission for Europe, was noted in a recent letter on Algeria (CFG-6-'57 "The Algerian Question"). A much lower evaluation of the cost has just been made by the cabinet of the Resident Minister in Algeria, M. Robert Lacoste.

The Resident Minister, in contesting the methods commonly employed to calculate the cost of the Algerian revolt, considers that the only expenses to be taken into account are (1) economic and social aid given to the Algerian budget, and (2) the supplementary military expenditures occasioned by present operations in Algeria. By excluding such items as the transfer of capital which is going into Algeria for investment (particularly in Saharan oil), losses in production owing to maintaining draftees under arms, and losses resulting from a reduction in exports which, instead of going abroad, have been bought up by the army, M. Lacoste arrives at a sum much lower than the 700,000,000,000 francs cited by the United Nations Commission.

The Minister for Algeria has not got much support for this viewpoint. Most French economists, in estimating the purely military cost of Algeria, cannot get under two basic sums: 378,000,000,000 francs for special military operations this year, and 170,000,000,000 for "normal" military expenses, so designated because they were already provided for before the intensification of the rebellion in 1955. Total for military expenditures alone: 548,000,000,000 francs (about \$1,300,000,000).

The sober English financial review The Banker has also come recently to a different conclusion. In a detailed discussion of Algerian finances it makes the following points:

(1) Civil and military expenses in Algeria have been raised owing to the war to about 700,000,000,000 francs (\$1,666,000,000) in 1956, and nearly 800,000,000,000 francs (\$1,900,000,000) in 1957. The latter figure represents roughly 20 per cent of France's national budget and 5.5 per cent of its national revenue.

(2) The siphoning-off of 2 per cent of the active male population represents a total production loss of 5 per cent.

(3) Troubles in Algeria are causing an annual foreign exchange loss to France of about 42,000,000,000 francs (\$100,000,000). And finally, French exports to Algeria in 1957 will exceed 1956 exports by at least 100,000,000,000 francs (\$240,000,000,000) at the expense of sales abroad.

The Banker concludes that the French government must soon choose between two objectives: either industrial development at home and the re-ordering of France's foreign market in view of the forthcoming inauguration of the Common Market in Europe -- or the Algerian war.

But many French observers are worrying less about the gravity of these theoretically temporary expenses (which might however continue for an indefinite period), and more about the continuing cost of Algeria to France after the rebellion is over. It has been stated over and over again by French leaders that mere repression of the rebellion has no real justification unless France can provide, through a financially generous Pax Gallica, a solid economic future for Algeria. Such

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declarations by the highest officials have in fact morally committed France, provided the issue is settled to its satisfaction, to support Algeria on a scale which some now doubt can be maintained.

Within recent years civil expenditures in Algeria -- which have nothing to do with any of the special military sums mentioned above -- have been increasing in the following rhythm:

1948	less than 5,000,000,000 francs
1949-1954	rising each year from 20,000,000,000 to 30,000,000,000 francs
1955	49,000,000,000 francs
1956	88,000,000,000 francs
1957	98,000,000,000 francs

For the immediate future an increase of about 15,000,000,000 francs per year for investment is envisaged until by 1962 the total for ordinary expenditures will run around 150,000,000,000 francs per year (about \$356,000,000,000).

This is only the beginning, however, of a future whose economic prospects look ever more dubious to French economic planners. Quite recently an incisive and anonymous report has been circulating in French political circles, looking into the distant future with a skeptical and practical eye. The study, which exists only in mimeographed form, was apparently prepared by government technical experts of diverse political views who have had experience with Algerian affairs in the past. The conclusion of the drafters of the report is that:

"The pursuance of a policy founded on the force of arms and barring any Algerian disposition to independence is a hopeless task." And their reason is that:

"The resources which France would have to commit, in order to try to maintain its sovereignty in Algeria are possibly beyond its economic capacity, but certainly beyond the effort which parliament and the country would be willing to dedicate to the task." There would have to be, they say, a quasi-permanent mobilization of the nation in order to attain the minimum goals.

The paper goes on to demonstrate that an appreciable rise in the standard of living of the Muslim population of Algeria could be effected only at the expense of a considerable diminution of the metropolitan level. And adds:

"If France is not ready for these sacrifices and for the political risks which they involve, the pretense of maintaining French sovereignty in Algeria without a permanent military effort is a daydream without purpose."

The principal points discussed in the study concern (1) the alarming demographic situation in Algeria; (2) the question of Algerian worker emigration to France and the problems it has raised on a social level at home; and (3) the outright franc cost of investments in the future.

(1) Population growth in Algeria can be summed up most neatly in the following tables:

Corrected Number of Births and Deaths (Muslims) in Algeria

<u>Year</u>	<u>Births</u>	<u>Deaths</u>
1950	342,000	149,000
1951	354,000	141,000
1952	368,000	134,000
1953	356,000	140,000
1954	390,000	139,000

Natality and Mortality Rates in 30 Cities

<u>Year</u>	<u>Natality</u>	<u>Mortality</u>
1950	44.1	21.4
1952	48.0	19.1
1954	49.2	18.4

The population is at present estimated at 9,500,000 Muslims and 1,060,000 Europeans. The excess of Muslim births over deaths will soon reach the appalling figure of 300,000 a year (for the death rate can drop a good bit lower), and long-range predictions for population figures in 1980 are:

Europeans	1,250,000
Muslims	18,000,000

The total population in 1980 will contain nearly 50 per cent children and adolescents. To send the younger generation to school would in itself cost at that time over 200,000,000,000 francs per year (around \$500,000,000).

(2) As a result of its population growth Algeria is already unable to furnish jobs enough for its adult population. Nearly one million men are unemployed or only slightly employed. Of these, 800,000 are in agriculture, representing 40 per cent of the active agricultural population; more than 150,000 are in industry, about one-third of the industrial labor force. The problem is aggravated by 70,000 or more youths who arrive on the labor scene each year and add to these figures.

In the past decade this paucity of work in Algeria has led to a massive emigration of Algerian laborers to France. This emigration recalls the inflow of Puerto Ricans to the United States, with the difference that Algeria is much more populous than our island commonwealth and French absorptive capacity is much smaller than American. Around 250,000 Algerians now work, or look for work, in France, principally in heavy industry near Paris and in the industrial cities of the north. In Paris, some parts of the city

such as the quarter around Barbes-Rochechouart and the Goutte d'Or quarter have become, in the words of the Parisian press, "little medinas." The usual problems of social antagonism and caste have arisen: as Algerians move in, the French move out, leaving the neighborhood to the newcomers; tension on the fringes of the areas is always present and can be inflamed by any chance event. The minority group, living apart, becomes a working organism with its own laws and customs and operates independently of the French society surrounding it. All of this was true even before the 1954 rebellion brought into being Algerian terrorism and gang warfare in metropolitan France. It was indeed the intensification of the terrorist campaign in the past year which alerted French society to the fact that an alien body had established itself in the heart of their capital and in other industrial towns like Lille and Metz.

Given Algeria's present outlook for population increase, between now and 1980 about 2,000,000 more Algerians will be looking for work either in Algeria or in France. And in the two decades from 1980-2000 (a date not so remote as it may look on first reading) from 6,000,000 to 8,000,000 additional new jobs will have to be found. The authors of the high-level, confidential study are categorical in their judgments:

"The utter impossibility of meeting these requirements in Algeria would lead to a massive emigration to the mother country in which the number of Muslim workers, within ten years, might well come to nearly 1,000,000, and this figure would grow enormously thereafter."

Metropolitan French opinion, which has been hardening against "les sales Arabes" in the past few months as Algerian internecine political warfare has turned many industrial and working quarters of Paris into areas more dangerous than Chicago in the 20's, will certainly take pause at these predictions.

Stronger than patriotic emotions about holding Algeria, the new fear of being burdened with racial conflict at home is already beginning to make Frenchmen in France think twice about the whole Algerian issue. With a solidly rising birth rate of its own for the first time in a century, France may soon not need Algerian workers as it does today to combat its labor shortages -- especially if the price is to be the disruption of the French social fabric in urban communities. The French are certainly not overlooking the effect which the Common Market Treaty, coming into effect on January 1, 1958, will have. The possibility of using surplus Italian labor, which will be able to work in France almost without formalities, is beginning to appeal to employers who no longer trust the North Africans. It may even be the proverbial ill wind which is causing many French to say, in effect "Well, let us build Europe with Europeans," as they wash their hands of the North African nightmare. The reaction of the man-in-the-street is best summed up by a comment made when an Algerian political gunman was recently caught and beaten by an infuriated crowd: "Why don't these bicots stay home where they belong!"

(3) Estimates of the minimum investments necessary to raise the standard of living of the Algerian population, when its above-mentioned growth is taken into account, are chillingly high. To raise the standard of living by 2 per cent it is calculated that the present annual outlay of 100,000,000, 000 francs will have to rise to about 400,000,000,000 francs (\$950,000,000,000)

in 1980 and around 1,000,000,000,000 francs (\$2,400,000,000) in 2000. This is a staggering sum, and is more than half of what the United States is presently spending on foreign aid, military and economic, to some fifty-odd countries throughout the world. Or, to look at it from another angle, remember that the Richards Mission set out to woo a dozen or so Arab countries to the Eisenhower Doctrine this spring with the petty cash of \$200,000,000 in its pockets.

Finally, the cost of raising the standard of living in Algeria by 4 per cent per year, not an unduly high goal in theory, is put at 800,000,000,000 francs (nearly \$2,000,000,000) in 1980 and at 3,000,000,000,000 francs (\$7,200,000,000) in 2000.

If these figures are reasonably accurate -- and they have been prepared by technicians who know more about the issues than anyone else -- some such cliché as "the imagination boggles" is in order. The imagination does boggle, but on second thought it begins to wonder very seriously how and by whom this kind of development can be financed, or if it can be financed at all. Granted that the individual countries of the West are probably going to be very much richer and more powerful two to four decades from now, and granted further that natural phenomena such as the development of oil resources in the Sahara and technological advantages in nuclear power cannot be clearly computed in this kind of prediction, it is still true that financing on this scale is out of the question for any one country.

An independent Algeria, which is a likely prospect, will be absolutely unable to handle such problems; a France which, assuming that it has retained control of Algeria, will be occupied with the problems of Europe at home, of developing other overseas territories, of mutual defense, etc., will hardly be in a position to contribute anything like that sum (which, it might be remembered, amounts to almost as much as France's over-all budget at present). Although France is now spending some 700-800,000,000,000 francs largely on military operations in Algeria, history has so often proved that countries will resolutely refuse to spend the same sums to wage peace as they do to make war. Will it then fall to a united Europe, or a united West, or the United States to pick up the check? Or will the Communist bloc compete to export men, money, and techniques on what is now an undreamed-of scale?

Up to this point the problem concerns primarily France and Algeria, and that is where the technical study ends. But there is an epilogue to all this which affects Americans and almost everyone else on the planet. There are dozens of other underdeveloped nations which will produce future accounts with more or less the same progression. Some of them, particularly in Southeast Asia, already give indication of more appalling ultimate problems. Much is being said in these post-Sputnik days of the need for the free world, in such areas as the Middle East, to reappraise its total policy in terms of the human aspirations of the underfed, undereducated, undersatisfied people living there, and to emphasize these aspirations at the expense of a more politically-oriented approach. This is a very laudable goal, but these figures for Algeria suggest that it is not one which should be presented to the American people, or the citizens of the "developed countries" as one which can be attained by a few millions, a few hundred tractors and factories, and a few thousand exchange students. An honest and careful explanation of the total and continued effort which would have to be made should certainly be offered to everyone concerned. For to start, or to encourage long-range global aid on such a

scale, to make a moral commitment and then not be willing or able to honor it, would probably be worse than never beginning at all. From a survival standpoint it may be that rivalry with the Communist world will make it inevitable that risks be taken and sacrifices (for they will be sacrifices) be made which will hurt the pocketbook, and which otherwise might not be acceptable. This is true on the other side of the fence as well, however, and it strikes one hopeful note in a generally forbidding picture: that the problems of demography and development will be so serious within a generation that possibly only a genuine peaceful co-existence and economic competition between East and West will be able to muster enough resources to do the job for all.

Ultimately the matter is not one of dollars and cents alone. A good deal of the assistance which has gone out to poorer countries in recent years in the form of American gifts and loans, Point IV programs, Colombo Plans, etc., has been of a disinterested nature of which the West, with its awakening conscience, can be legitimately proud. When computing the cost of aiding countries like Algeria a generation from now, this feeling of social responsibility will play a large part. It is growing, but there is no sure means of knowing how far it can be stretched, and there may be limits beyond which people simply will not go. But if facts and figures are available to them so that they can know what they are getting into, they can ask themselves "What can we do?" and at the same time ask their consciences "What should we do?" I have no answers for these questions, but I would like to meet someone who has.

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