

INSTITUTE OF CURRENT WORLD AFFAIRS

DJV-24 ALGERIA II

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Dear Peter;

Early in the morning of November 1 last year I hurried across Algiers to the Martyr's Monument. The yearly commemorative service for those who died in the war is a good occasion to catch a glimpse of Algeria's leadership. While some of the Politburo members delivered short speeches I looked closely at many of the men who now run Algeria. Most of those lined up on the little dais had proven their worth during the revolution; since then they became members of Algeria's single party, the Front de Libération Nationale.

This year marks the twenty-fifth anniversary of independence. The "war generation", relatively young when the war ended, has now turned into a rapidly ageing segment of the population. (Despite active participation in the war and the country's rhetoric, women have made relatively little progress. There was not a single woman, for example, on the rostrum the day of the celebrations.) I hinted in DJV-23 at the generational change Algeria - and most other North African countries - have had to deal with.

As most young political regimes, Algeria has made many adjustments since independence. The victory over the french, against almost insurmountable problems, left Algerians - in the words of former ambassador Richard Parker - with a "sense of superiority not unlike that of the early Americans." For most of President Boumedienne's period of leadership, Algeria was a strong supporter of Third World grievances against the West, a defender of Palestinian rights and a skilled participant in OPEC conferences. Its revolutionary credentials and tempered political positions gave it a standing in the international community incommensurate with its small population or geographical position.

There is undoubtedly something to Parker's observation about Algeria's "sense of superiority." Even the country's strategy for economic development betrayed an attitude that, faced with great difficulties, Algeria can survive and win.

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Picture 1: Apartment blocks near the harbor.

The problems at the time of independence were immense. The new government had to create some form of national unity out of a number of competing factions. Cooperation among them was guaranteed as long as the war lasted. For a short period of time after independence the danger of civil war lurked over the country. Economically speaking the country was in a mess. The french left just as it was discovered that the oil and natural gas deposits in the Sahara were commercially viable. Only 10-15 percent of the population was literate in either Arabic or French. Most of the blue collar workers - carpenters, mechanics, plumbers - were foreign. Almost all the personnel to run the daily affairs of the government and the Algerian economy left in the wake of the declaration of independence.

Algerians had received practically no training; very few were qualified to guide the type of economic infrastructure Algeria wanted to develop. For three months after independence Algerians didn't even have the skills or the means to print their own stamps: they simply issued old French ones with R.A. (République Algérienne) handstamped over the original République Française.

After a brief chaotic period under Ahmed Ben Bella - Algeria's first president - the country under Houari Boumedienne opted strongly in favor of heavy industrialization. The funding for this huge

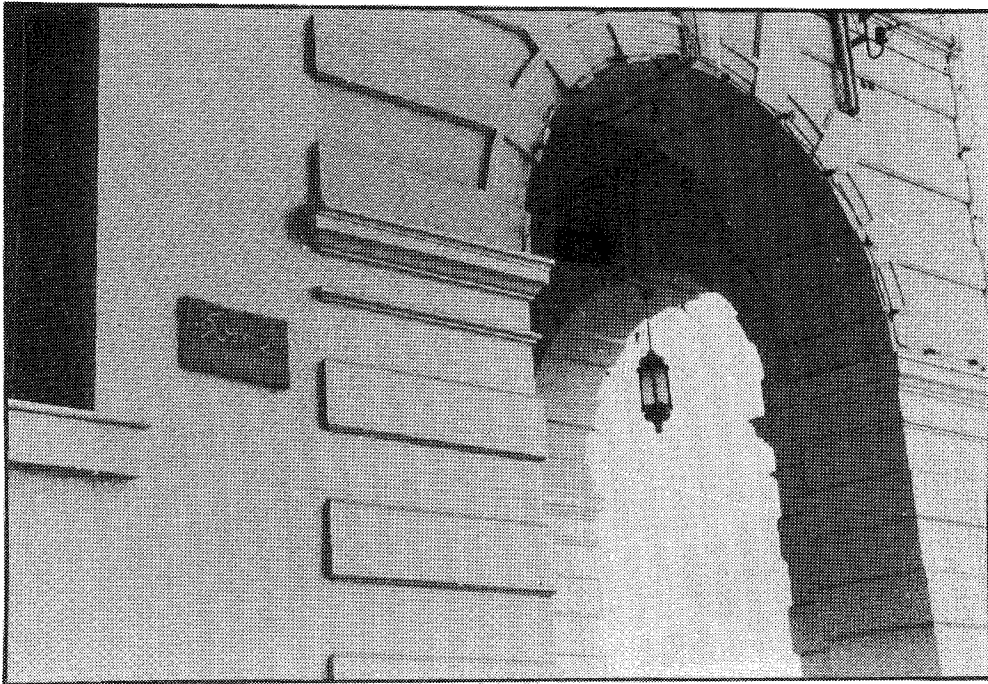


Picture 2: Sidestreet near the Central Post Office in Algiers.

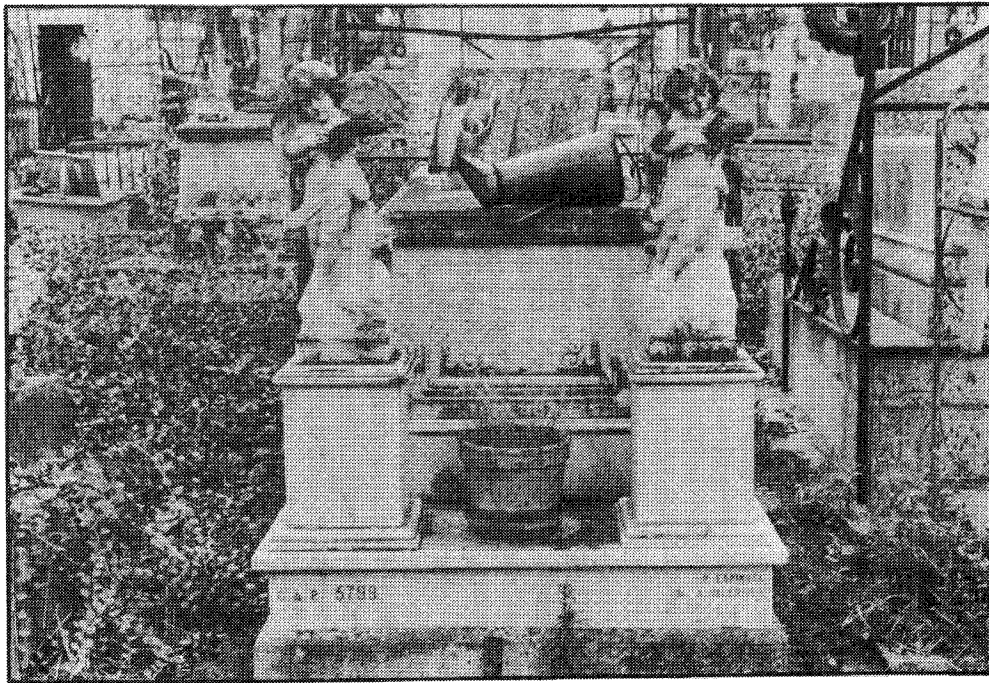
enterprise would be borne by the oil and gas industry. Algeria's leaders made an enormous gamble: they vowed to devote enormous incomes from a non-renewable resource for the construction of an industrial infrastructure that would allow for self-sufficiency. It was an audacious plan, aimed at turning a society that remained essentially rural and uneducated into a modern economy.

Twenty-five years later it is clear that the strategy has been only partially successful. Algeria nevertheless ranks high among Third World countries that have managed to improve their economy and the daily living conditions of the population.

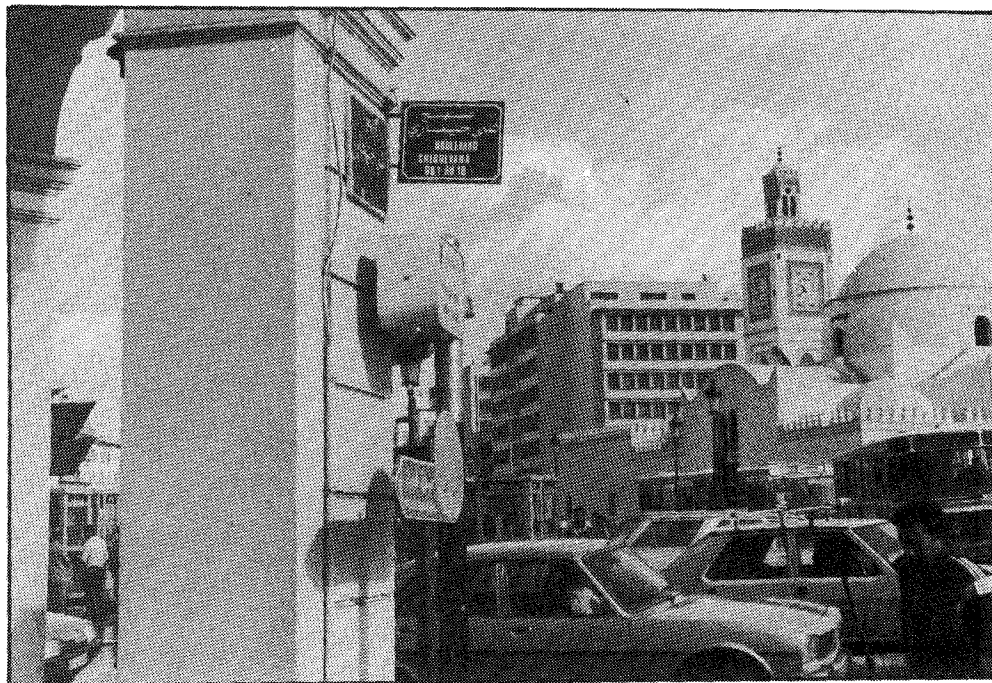
The peculiar technocratic solution that the country sought was fraught with danger from the beginning: Algeria had no trained technocrats. Technology is expensive and few countries are willing to part with the intellectual knowledge that forms the bedrock of any technological society. Because of this, and because of a still smouldering dislike of the West, Algeria opted for East Bloc and Soviet advisors. Even now most of the country's expatriate work-force comes from socialist countries. A brief visit to the central telephone office was a small revelation to me, after all this time in Egypt, Morocco and Tunisia. Here the lines of customers spoke



The fading remnants of the colonial presence.
Picture 3: Painting over of French street names.



Picture 4: Crumbling tombs at Saint-Eugène cemetery.



Remnants of Revolutionary Rhetoric.

Picture 5: Downtown boulevard named after Ernesto Che Guevara.



Picture 6: Signpost in downtown Algiers: "The Goal of the Army is the Liberation of the Country."

Russian or Bulgarian. An exasperated telephone operator, tired of trying to reach Yugoslavia, yelled at her customer: "Hey, I can't help it if your telephone system doesn't work right, comrade."

Most of the training of young Algerians also took place in socialist countries, even though the country always sent a number of university students to the West for training in specialized institutes and universities. Within a few years many of these technocrats were slowly making their way up; scores of old-time planners who had received their jobs because of FLN membership and wartime activities were replaced. By the end of the 1970s these technocrats formed a distinct group in the country. Together with the military - still the guardian of the revolution - and the administrative elite, they now form part of the troika that rules the country.

Boumedienne's rationale for his insistence on industrial independence was simple: only industrial independence could lead to political independence. As long as his country had to rely on industrialized products from East or West it would be unable to withstand the enormous political pressures that either superpower exerted. Supported, after the 1973 oil price increases, by an annual income of several billion dollars, Boumedienne set out to prove that Algeria could produce machinery competitive with France or, eventually, household appliances competitive with Italy.

Although all of this may strike my readers as pie-in-the-sky, many would be surprised with what Algeria has managed to produce these last few years. A couple of weeks ago I visited the Algiers National Fair. Spread out over an area of several acres were all of Algeria's products: trucks, tractors, concrete mixers, solar telephone installations, pipeline equipment, cranes, refrigerators, televisions and a large number of other goods.

Perhaps the goal was admirable, the objective somewhat unrealistic in view of the country's shortage of technicians and a poorly educated population. A drive along Algeria's coast reveals many of the country's capital-intensive industrial plants; many operate at a fraction of their capacity. Perhaps the most expensive investments have been made in the construction of several natural gas liquifaction plants, each costing several billion dollars. Paradoxically almost, they were built to generate the capital that would allow the country to be independent - and they have become the best example how dependent Algeria had become by the late 1970s. For the plants had been built on the understanding that the United States and several European countries would buy large quantities over long periods of time.

By the early 1980s that dream was slowly turning into a nightmare: the El Paso company cancelled its contract for the US market and several European countries insisted on new contract negotiations. Algeria had traditionally insisted on high natural gas prices, at one point even suggesting that its price should be indexed to oil. It became clear that the liquefied natural gas was an expensive

way of developing the country's natural resources. Algerian policy makers experienced at first hand how they could be manipulated by outsiders who controlled certain aspects of the natural gas market. When the third liquefaction plant at Arzew - the main harbor for gas shipments - was commissioned, the money was finally withdrawn and re-channeled into Algeria's first shopping mall at Riyadh Al-Feth (see DJV-23).

As much as Riyadh Al-Feth represents the generational break in Algeria that I remarked on in my report, it also marks a profound change in the economic direction of the country. (Riadh Al-Feth unfortunately means Victory Park. As one good friend noted: "It's a real shame. It stands exactly for what we never wanted in this country. This is not a park of victory; it symbolizes our defeat to consumerism and Western-type development.")

Although the government of Mr. Benjedid - the current president, successor to Houari Boumedienne - remains socialist in name, it is clear that the word now enjoys a new definition. Since being appointed to his position, Benjedid has relaxed Algeria's economic and political climate. The FLN has been reorganized, some private economic initiatives are now supported. This year will be crucial to his policies: a number of farreaching proposals have been introduced into the legislature, aimed at further facilitating private enterprise. Investments in public enterprises will be curtailed; many of them will be run on bust-or-break principles. All of this is new. Although it seems quite clear that the government will succeed in introducing the new measures, not quite so much is known about the internal political repercussions. One of my interests here is to find some answers to that problem.

All the best,

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