

**The Paradox of Economic Liberalisation and Democratisation Measures in
Algeria**

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“Algeria is reaping the consequences of its politics of mixing populism with a rentier mentality and conservatism.”

S.E. Zaimeche

“Democracy needs democrats.”

Jean Leca

Algeria always has a special status within the Arab World and the Middle East. Algeria’s War of Independence that last eight years was the first and only war within the Arab World that had won on the battlefield against an European colonial power. Followingly, Algeria received deep respect as being one of the founding and leading countries of “non-aligned” movement under the cruel competition of the Eastern vs. Western blocks. Most recently, Algeria deserved distinguished emphasize through the first democratically held general elections in the Arab World in December 1991.

In this article, I would focus on economic and political liberalization measures that introduced to Algerian society in the late 1980s and early 1990s. Simply it would be argued that economic liberalization measures constitute fundamental and foundational clash with traditional political establishment and prevailing policies of the Algerian government since the independence.

It is worth stressing that the parameters of this paper not allow to fully analyze the reasons of the break down of civil peace in Algeria in the early 1990s, neither the long surviving debate concerning the compatibility of Islam and democracy. Instead my main focus and concern would be restricted with the paradox between economic liberalization and democratization measures in Algeria.

In order to successfully complete this endeavour, this article has been divided into three main parts that each retains analytical cogency and descriptive relevancy. In other words, an evolutionary approach followed in this research for the sake of the analysis. Initially, I believe that an analysis of the paradox of economic liberalization and democratic measures requires historical background. Therefore in the first section, I will explore and underline the founding socio-economic and political principles of the Algerian government along with people's expectations from the state and consolidation of socio-economic values in the post independence period. In the following section, I will focus on Western reservation against the Islamist party the FIS (Front of Islamic Salvation) and how this reservation accounted in the paradox of economic liberalization and democratization measures in Algeria. In the final section, in the light of the arguments that had carried from the earlier sections, I will try to highlight the controversial regulation of economic liberalization measures under traditional authoritarian rule of the FLN.

Post-independence period: Expectations from the state and consolidation of socio-economic values

As I have stressed earlier, this paper belief is that there should be brief reference to the French colonial background in order to provide a better understanding to the expectations from the state and consolidation of socio-economic values in the post-independence period. Needless to say that such an investigation could shed a better light on defining the recent paradox between economic liberalization and democratization measures in the 1990s.

Departing from this statement, I will initially analyze the heritage of the French colonial rule and early independence period.

French occupied Algeria in 1830 despite popular resistance by the Algerians. Similar to the other colonial rules, French rule in Algeria widely identified by oppression, ethnic discrimination and socio-economic frustrations. Algerians were bounded to live in the villages, and the ones living in the cities were isolated from all commercial and economic activities.¹ Similarly Nelson² propose that since French colonial administration did not want Algerian middle class to compete with French colons for jobs and status, most of the Algerians were deprived from work in infrastructure institutions, government offices and administrative branches. Instead, Berber minority favored in access to government, education and administrative branches in order to weaken Arab-Islamic culture in Algeria. Consequently, Algerians occupations were limited to unskilled workers, servants and peasants.

The French colonial rule not only remained by monopolizing the administrative, social and commercial activities but also exploitation of the agricultural and other resources of the land. For instance, more than one million acres of Muslim lands were confiscated by French authorities and sold to European settlers. Casually, European (mainly French) colons owned thirty percent of the arable and ninety percent of the best farmlands.³ Besides, Europeans were exempt from many taxes that only Algerians were obligated to pay.

The Algerian War of Independence against the French not only resulted with the killings of one and a half million people, as one of the most formidable social disaster of the twentieth century, but also brought heavy economic burdens since 8,000 villages had been destroyed and millions of acres of land had been burned.⁴ Thus, it would not be wrong to argue that the ruling party of Algeria since the independence *Front de Liberation Nationale-*

FLN⁵ took the will of the country that all segments of the society socially frustrated and economically destroyed.

As a response, in order ease socio-economic frustrations of the Algerians the FLN motivated by three leading principles after the independence. These principles could be summarized as⁶:

1. To build a proud and independent Algeria which will be free from foreign control (both from the East and the West) through a coalition with other non-aligned states.
2. To refrain from pluralism and establish single party guided state.
3. To promote Islamic culture of Algeria by maintaining secularism at the same time.

After the independence, imposing an order under the guide of strong central authority considered as the only way of attaining stability in Algeria by the FLN. There was no question about the legitimacy of the FLN because of their heroic struggle against French colonial rule during the War of Independence. After the nationalization of all gas-oil complexes, mining interests and banks, the FLN started rapid economic growth and investment to heavy industry sponsored by the gas and oil revenues. The conditions for such rapid development were ready since most oil and gas reserves infrastructure left by the French.⁷ Rapid economic investments were also including modernization of agricultural practices, improvements on education, medical services and housing.

Eventually, in an environment where state turned responsible from every aspect of life and where private sector is weak, state became the major and almost single employer. In other words, since the FLN was the only association that has professional knowledge and organizational capabilities, it appeared as the unique agent of economic development and political stability in the absence of the private sector. Inevitably, strong and centralized authority along with state owned corporations (that established in accordance with Leninist

and corporatist structure mentality) introduced the idea of ‘patronage state’ where majority of the population ‘protected’ by the state.

To sum up, after one of the bloodiest and longest war of independence in history that cost one and a half million casualties, ‘patron and protective’ type governing style regulated as the most convenient way for Algeria. The FLN did not encounter any difficulty at the initial years in post-independence period simply because it was representing the common interests and will of ‘all sections’ of the community through the Islamic-socialist base constitution, rapid industrialization and social welfare programs. Furthermore, the FLN was confident about the regulation of ‘egalitarian’ policies whatever the cost would be in the future simply because of high hydro-carbon revenues. Consequently, Algerians (by their preference) refrain from pluralism, democracy and multi-party system in return of political stabilization and more importantly for economic development, prosperity and welfare. Nevertheless, it is worth to remind that this process bears within self a dichotomy. As such, the origin and the strength of the FLN’s legitimacy, was its’ foundational weakness at the same time since the FLN’s legitimacy was totally dependent on the welfare of Algerian society.

Driving Towards ‘The’ Choice: Western Reservation Against the FIS

Algeria is under deep concern of not only North African and Middle Eastern countries but also of the European countries and the United States. This ‘deep concern’ mainly derived from Algeria’s strategic resources. Algeria is strategically and economically important country because it has the fifth best gas and fourteenth best oil reserves in the world. Therefore, the future of the gas and oil pipelines that links from Algeria to Europe depends on stability in Algeria.

Deriving from this strategic importance it is not surprising that West carry the concern of the rise of political Islam in Algeria. That is to say if Islamist take power in Algeria and

terminate its trade partnership with West, this can limit Western access to aforementioned vast hydro-carbon and gas resources. Furthermore, stability and trade accumulation in the Mediterranean and Europe could be badly affected by ‘instability’ in Algeria. Moreover, Southern Flank countries of Europe, namely France, Italy and Spain could face with serious migration problems from Algeria in the case of political unrest.

Pierre and Quandt⁸ have noted that how to deal with political Islam is one of the most complex problem that the United States and its European allies facing in their relations with the Middle East. With this connection, in this section, I would deal with Western reservation against the political Islamists. Such an examination aims to answer two critical questions on the evaluation of the analysis: Why West consistently objected possible Islamist government in Algeria? And how this objection accounted in the paradox of economic liberalization and democratization measures in Algeria?

The main source of reservation was deriving from Western belief that once the FIS hold the power, it will not give it up, democratic principles along with elections would be suspended and minority rights of Berbers who constitutes the twenty percent of the whole population would not be respected. Summarizing in different words, Islam has never been democratic in the past and very unlikely be in the future.

Contemporary interpretation of these concerns in Algeria directly equalized with the *Front Islamique du Salut*; Islamic Salvation Front-FIS, that has won the first democratic elections in the Arab World in December 1991 with a clear victory. Although the FIS has achieved fifty six percent of the total votes and therefore represent the will of the majority, many European countries and the United States gave full support to the military officers who had canceled the elections. Against the FIS, Western countries consolidate their views, as there could be no “moderate” Islamists but radical Islamist fundamentalists. Furthermore it has been put forward that the FIS has always shared anti-Western faith and what all try to

prove is the superiority of Islamic moral values over Western concepts. Eventually, the scenarios have been written indicating the similarities between Iran and Algeria. In this connection it is assumed that once the Islamists took the power in Algeria, Algeria would be next Iran. As suggested by Shirley⁹ in the case of the FIS victory, along with West-toxification, a similar degeneration would happen in Algeria and being “less isolated than the Persians, less cohesive in culture, and revolutionary spirit, Algerians will offer more resistance to universal Islamic ideals.” Eventually, moderate Islamists “soon fell victim to Iran's hard core” because ‘powerless’ Islamists are bound to loose control under any circumstances.

Arguably, in addition to those socio-economic concerns, international political aspect of the situation perceived equally dangerous by the Western countries. For instance it is envisioned that United States allies in the region namely; Morocco, Egypt, Jordan, Saudi Arabia and Israel could face serious challenge from the political Islamists if possible Islamic regime in Algeria come to the power. With the words of Shirley¹⁰: “If Egypt alone were to follow Algeria into ‘fundamentalist’ revolution or coup d’etat, the Arab-Israeli peace process would end”.

For the sake of this analysis, it is essential to explore the contribution of aforementioned Western reservations against the FIS to the paradox of economic liberalization and democratization measures in Algeria. Nevertheless, arguably, an initial response shall adress some significant remarks. First of all the FIS explicitly declared its commitment to trade with the West and liberal economy during their electoral campaign for the general elections of December 1991. Secondly, it is worth considering that there has not been any Islamist government that selected by democratic principles in the Arab world. Finally, the Islamist should be distinguished from the fundamentalist for the sake of better analysis of Algerian paradox.

At this point, Ahmad Moussalli's¹¹ identification of fundamentalist and moderates is remarkable. According to Moussalli, fundamentalist believes to the one-sidedness of truth, purity and superiority of salvational knowledge. They claim to be "exclusive authentic, scriptural, salvational and superior knowledge" and excluded the other from their philosophy life. Moreover, they have a vision that "the individual can only be represented communally, and parties, associations and other civil institutions cannot operate as possessing representation of the general will." On the other hand, moderates is open for multiple individual adaptations, universal rights, freedom and pluralism and do not see any "contradiction or obstacle to the integration of Islam and Western philosophies and institutions."¹²

These are not to suggest that moderate Islamist is same as Western liberals. In the context of contemporary Middle East realities this does not seem possible. Furthermore, no one can guarantee that the FIS would institute democratisation process after they hold the political power.

However, one has to keep in mind that every progress bear risks within self and it is not impossible to have certain extend of democracy and pluralism in the moderate Islamist discourse that defined Islam as constitutional reference. Besides, and more significantly, it should be remembered, radical fundamentalist does not represent the majority of Muslims or Islamic movements. My genuine belief is the way of attaining power matters. There should be distinction between the ones who would like to go to office through electoral process and ones that defined the military struggle as the only way of it. Stating in different words, the desire for Islamic society shall be different from the aspiration for Islamist state. The FIS's official declaration of denouncement from the military campaign and practical implication of this denouncement, arguably, proved and gave a strong support to my overall argument that I try to enrich in this section.

After underlining significant remarks, now it is time turn to the core issue at the sake: How Western reservation against the FIS contributes and widened the paradox of economic liberalization and democracy in Algeria?

There is little doubt that military officers in Algeria desperately required Western and European assistance in order to both cancelling the democratically held elections and achieving political stability afterwards. The United States and European countries do not hesitate to provide both political and economic assistance at that stance. However, paradoxically, militarily backed government of Algeria encouraged to use these supports for the dismantling of the democratisation measures. On the other hand economic liberalisation measures that pushed forward, further wide the income gap between upper and lower stratum.

Consequently, Western support to Algerian regime turned to support for particular regime. This automatically brings the question of whether West would really support a democratic government in Algeria or whether unique privileged objective is economic liberalization rather than democratization? Accordingly, Western reservation against the FIS open the way for more 'authoritarian' regime that is more brave and capable for economic liberalization measures in Algeria. That is to offer that economic liberalization measures constitute higher priority than democratisation measures.

To sum up, it is arguable that West's consistent opposition towards the FIS left no choice but corrupted the FLN regime. Furthermore, West's preoccupied biases against Islamists failed them to see that some groups had been politically and economically privileged for the expense of the majority in Algeria.

Controversial regulation of economic liberalization measures under traditional authoritarian rule

Having examined the expectations from the state, consolidation of socio-economic values after the independence and strict Western reservation against the FIS, now it is time to probe in greater detail the paradox of economic liberalization and democratization measures in Algeria by giving reference to controversial regulation of economic liberalization measures under traditional authoritarian rule of the FLN.

Starting from the 1970s, Algeria witnessed extensive social-welfare programs that were mainly sponsored by the high revenue from the oil and gas incomes. These programs were aimed to increase the life standards of the Algerians through ‘long-term’ projects for housing, education and new employment areas. Behind economic reasons, these programs were also serving for political missions such as broadening the legitimacy of the ruling party FLN and surpassing the demands for democracy and multi-party system. Therefore, it was so evident that the FLN was aware that democratization measures could be ignored only with the successful economic measures that are ‘fully’ dependent on oil and gas incomes.

Nevertheless initiating from mid 1980s, oil revenues dramatically reduced to \$8 billion from \$12 billion as a consequence of sharp decrease in hydrocarbon prices. During that period, the GNP per capita decreased by two percent and foreign debts dramatically raised to \$26 billion, which was approximately equal to 75% of the GNP.¹³ Since the Algerian economy was not diversified and totally dependent on hydro-carbon incomes, the sharp decrease in the oil and gas prices led to the suspension of aforementioned economic and social programs and the ‘priorities’ of the government. Eventually, economic liberalization and privatization policies regulated in order to hide the economic failures of the FLN.

When privatization and liberalization measures started, some of the state owned lands sold, government decreased its subsidies on basic staples and lifted price control on industrial

and agricultural products. That has followed by the sharp price increase differing among fifty percent to four hundred percent especially on basic consumer goods in the free market. From that time on, all the corporations were expected to concentrate on their production objectives in expense of the dismissal of considerable number of workers and therefore potential social crises. Additionally, rapid industrialization and its associated developments such as housing and education programs suspended. Consequently through the reforms which applied to the educational and health sectors resulted in the emergence of a system of “privileges” (e.g., selective schooling system, private vs. public hospitals, etc.) that further alienated large segments of Algerian society.”¹⁴

To sum up, as a result of economic liberalization measures, great number of people lost their jobs, prices increase dramatically (especially the prices of the basic foods such as bread and sugar) that was devastating the poor. In other words, economic liberalization programs widened the gap between rich and poor, because mostly the poor and the lower middle classes had been affected. While one class being attracted by high consumption standards of the West (without having strong economy, socio-economic justice or fair distribution of wealth) other classes being challenged by the economic restrictions even on their basic consumption items. Thus, the masses abandoned to find their own way of surviving and plunged into certainty.

On the other hand, inducement of liberalization and privatization also felt in the social life. For instance, the wealth were no longer hidden simply because public watching was no longer feared. Corruption, more than any period of Algerian history, extended and became the normal aspect of ordinary life. Casually, the FLN as the vanguard party of Algeria since the independence lost its efficiency and created the perception of corrupted political entity like many other vanguard parties of the Third World.

Although privatisation and economic liberalisation measures supported by the West, El-Kenz¹⁵ argued that under those conditions, privatization and liberalization policies could not be succeeded where client patron relationship supplemented by “values that based on speculation, easy profit the hustler mentality and corruption”. Additionally, Gazzo¹⁶ argued that apparatus of production in the private sector in Algeria “was not modern enough to do job or suggests a reform of the planning system.” Hence, apart from the mismanagement and corruption of the FLN, it was clear that the dimension of the economic policies and welfare programs were not healthy for the majority mainly because most of the economic and social reforms suited for the upper classes. Therefore, rather easing the socio-economic problems, economic liberalization and privatization measures had an opposite effect. Eventually, majority dissatisfied from the privatization and economic liberalization measures simply because they excluded from the social services and dynamics of the modernization.

As I have stressed earlier, there was a sort of tacit social contract established between Algerians and the FLN that had monopoly over political power and organization.¹⁷ According to this ‘tacit’ social contract, citizens accepted the restrictions on their political rights, where in return government guarantees social and economic rights. Since the majority felt abandoned by the state through antagonistic and discriminative policies, the FLN regime perceived as demonstrating similarities with the French colonial rule in many ways. In other words, the masses started to feel that pre-independence institutions and values (that they fought in expense of their lives) substituted with the similar version under the FLN regime. Consequently, the social contract had broken and the masses withdrew their ideological and political supports.

Malley¹⁸ poits out that developing world must choose between traditionalism or modernity. In other words, states have to found their establishments either on religious fundamentalism, ethnic polarization, and tribal solidarity or upon a political and economic

liberalism. It was clear that the FLN behave reluctantly from the beginning on political and economic liberalisation since the independence. Additionally the FLN did not attempt to break the influence of Islam from political life and eventually, chose not to be a secular state since the independence. For instance, 1962 Constitution defined Algeria as 'Islamists-Socialist state. This fundamental principle once more confirmed by the 1976 Constitution in which the Charter declared Algeria as Socialist-Islamist state compatible with Algeria's Arab-Islamic heritage. Therefore the government hesitates to eliminate traditional authoritarian policies for the sake of secularisation, economic and political liberalisation.

Consequently, the FLN's economic liberalization and privatization policies constitutes fundamental and foundational clash with their earlier policies that had been regulated since the independence. More paradoxically, the 'success' in economy defined as the success on regulation of the privatization and liberal policies while economic liberalization measures not necessarily should be more productive and efficient with the corrupted and rentier mentality of the FLN.

Eventually, most dramatic consequence of the paradox between economic liberalization and democratization measures appeared when the military officers had canceled the December 1991 general elections. It is widely acknowledged that *general elections* if carried out under free will, is the most common tool for the democratization and expanding political participation. However, as noted by Jean Leca,¹⁹ democracy needs democrats first of all and as suggested by John Waterbury²⁰: "Denying an electoral victory to a popular choice will discredit democracy for years to come and drive the thwarted victors into clandestine and extra-legal channels to seize power". Therefore, only either Islamic dictatorship or military dictatorship left as the only alternatives for political power since the FLN and the army demolish democracy for the name of promote and secure it.

Concluding Comments

In this analysis, I have attempted to shed some light on to the paradox of economic liberalization and democratization measures in Algeria. I try to demonstrate that the formation of such paradox has various explanations and should be comprehended and analyzed multidimensionally.

I have started my analysis from the French colonial rule because it is argued that the colonial rule represents the crucial importance on configuration of the social values. One of those values was the 'protective patronage state' mentality in which the state was expected to create socio-economic mobility and welfare to the 'all sections' of the community especially after brutal independence war that deeply frustrated all Algerians.

In the further section I have suggested that economic liberalization and democratization measures fundamentally contradict with the founding principles of the FLN since the independence. Rapid industrialization and related sectors such as housing, education, and job opportunities that sponsored by the high hydro-carbon revenues had increased the expectations of the ordinary people. However, when the hydro-carbon revenues dramatically dropped and economic problems arose, the FLN decided to regulate economic liberalization programs as a remedy of bad economic performance.

The problem was economic liberalization measures were not convenient in Algerian realities where the majority were not ready for these measures both economically and mentally. By regulating these measures, the FLN trespassed its founding principles and perceived as the traitor of the 'soul' of the Algerian Revolution. This was due to three main reasons. First of all Algerians were no longer neither economically nor socially equal. Secondly, the FLN failed to respond to the socio-economic needs of the society. And finally, Algeria was no more seemed like strong and independent state in international politics.

Consequently, the substitution of those consolidated values with 'liberal' ones inevitably caused wider socio-economic problems in the early 1990s.

If an International Relations student wonder how an 'authoritarian liberalism' could be then Algeria is a perfect example. While introducing the economic liberalization and privatization measures, the real aim of the Algerian government is neither democratization nor economic liberalization (as believed in the West) but the continuation of their authoritarian regime.

As a last word, it is worth stressing that economic liberalization measures not necessarily should be more productive and efficient than the previous policies especially if regulated by the 'corrupted' mentality. Consequently, painful lesson of Algerian paradox appeared as economic liberalisation and privatization measures not necessarily lead to political liberalization.

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Notes

¹ Malley, R. (1996). The Call from Algeria: Third Worldism, Revolution and the turn to Islam. London: University of California Press. P. 22.

² Nelson, H.D. (1985). Algeria: A Country Study. Washington: The American University Press. P. 127.

³ Ibid. 126.

⁴ Malley, 1996:7.

⁵ Front de Liberation Nationale (National Liberation Front-FLN) was associated with the government since the independence. Therefore, in this paper mostly I refer to the FLN as the 'Government of Algeria' and used the both terms interchangeably.

⁶ See Ciment (1997). Algeria: The Fundamentalist Challenge. New York: Facts on File Press, for the detailed analysis of these principles.

⁷ Nelson, 1985:23.

⁸ Pierre, A.J. & Quandt, W.B. (1996). The Algerian Crises: Policy Options for the West. Washington, D.C.: Carnegie Endowment for International Peace Press.

⁹ Shirley, E. G. (1995). Fundamentalism in Power. *Foreign Affairs*. May-June. Vol. 74. Issue 3, pp.28-45.

¹⁰ Ibid

¹¹ Moussalli, A. S. (1995). Modern Islamic Fundamentalist Discourses on civil society, pluralism and democracy In Norton, A. R. Civil Society in the Middle East. Vol. 1. Leiden: E. J. Brill, pp. 88-119.

¹² Ibid.

¹³ Margaret Blunden, (1994:140). Insecurity on European's Southern Flank. *Survival*. Summer. Vol.36. No.2.

¹⁴ Zoubir, Y. H. (1996). Algerian Islamists' Conception of Democracy. *Arab Studies Quarterly*. Summer. Vol. 18. Issue 3, pp. 65-86.

¹⁵ El-Kenz, A. (1991:35). Algeria: The Challenge of Modernity. London: Codesria Press.

¹⁶ Entelis, J.P. (1992:102). Algeria: The Revolution Institutionalized. Indianapolis: Indiana University Press.

¹⁷ El Kenz (1991).

¹⁸ Malley, 1996:254.

¹⁹ Saleme, G. (1994:77). Democracy without Democrats. London: Tauris.

²⁰ Ibid. 34.