

Economic Liberalization and Political Change in Algeria: Theory and Practice (1988–92 and 1994–99)

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Contrary to the dominant literature and policy orientations, evidence from the Algerian case in two periods of study suggests that no positive link exists between economic liberalization and democratization. Instead, placing the focus on the content and context of these processes reveals that they are seldom objectives in themselves. Between 1988 and 1992, democratization was clearly instrumental in liberalizing the economy and this proved to be fatal for both. As for the period 1994–99, economic liberalization and democratization were complementary strategies aimed at keeping the regime in place. Although they were successful in this goal, neither of them was consistently implemented or pursued.

Algeria has undergone several periods of political change since independence. From 1981 onwards, political change has been accompanied or preceded by economic liberalization.¹ In this article we analyse two periods of interrelated economic and political liberalization² against the background of the dominant literature, in order to verify whether political and economic liberalization are linked in the way that this might lead us to expect. The two periods of study are, first, the ‘democratic experiment’ between 1988 and 1992 and, second, the ‘recovery of the state’ between 1994 and 1999.

Several schools of thought in the study of democracy have stressed the existence of strong links between economic liberalization and democratization.³ This relationship is frequently presented in the form of a ‘positive’ correlation between democratization⁴ and economic liberalization. In other words, democratization is supposed to develop after a process of continuous or discontinuous economic liberalization. This is thought to happen through the intermediate action of a national bourgeoisie.

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Equally, most recommendations on policy making for developing states made by international economic organizations since the 1980s are based on identical presumptions.⁵ Hence, governments are encouraged to liberalize their economies and profit from the opportunities opened up to them by globalization. This should unleash social and economic forces within the so-called 'civil society',⁶ on the one hand, and weaken the authoritarian features of the state, compelling it to adopt liberalization measures, on the other hand. In due course, opening the economy to the market should bring about more authentic pluralism⁷ and eventually democracy.

However, we contend that whenever economic and political liberalization are clearly connected in the Algerian case, it is not in terms of positive correlation, but rather in others such as 'negative causality',⁸ instrumentality and complementarity. Likewise, no evidence for the common assumption that economic liberalization weakens the authoritarian state can be found in the Algerian experience. On the contrary, during the 1990s episode, liberalization helped revive a withering authoritarian regime. These conclusions drawn from doctoral research and analysis of recent events suggest that theoretical speculation and policy recommendations risk being empty and misleading if the real content and context of economic liberalization and democratization are not carefully examined. Meanings, intentions and circumstances can to a great extent explain interactions between political and economic processes and why their outcomes deviate from the expectations that had been raised. Conversely, their omission may render current policy orientation for developing countries counterfactual and ill-suited.

The 'Democratic Experiment' (1988–92)

As noted, this was the first time in Algeria's recent history that political change had been accompanied by economic liberalization. It was indeed the first attempt to modify the components of the political system while at the same time reducing state intervention in the economy. This was particularly important because Algeria until then had been one of the most state-oriented and economically nationalist countries in the Third World. For this reason, political and economic changes involved a deeper reorientation, that of the ideological position of the regime, both in the domestic and international realms.

The First Economic Liberalization (1981–87)

This meaningful departure from fundamental ideological tenets had actually started earlier, from the beginning of the 1980s, when a gradual and prolonged effort to bring economic liberalization or *infitah* was set in train.

For several reasons, this gradualism was the only way available to push forward a global reorientation. First of all, drastic change was not directly justified by transformations in the international system. In fact, this continued to be dominated by cold war confrontation and the weakening of the Non-aligned Movement. Secondly, it was not caused by a switch in domestic policies. Regime succession had been successful and the new president had committed himself to pursuing his predecessor's line. Algeria's *infitah* of the 1980s was rather the result of subtle realignments both in the domestic and the international arenas. Algeria's new president, Benjedid, coming from a quite different background to that of Boumédiène,⁹ reflected the views and interests of an emerging local bourgeois sector by which he had been influenced.¹⁰ Without formally abandoning socialist principles, Benjedid opened new spaces to entrepreneurs and market agents. The role of the private sector was redefined and incorporated into the national plan.¹¹

Internationally, the early 1980s saw an offensive on the part of the USA and the United Kingdom in favour of neoliberal macroeconomic orthodoxy. This new model, strongly propagated through influential forums, reached and quickly permeated the international monetary institutions and diverse political environments.¹² It was mainly through this propagation that a considerable number of technocrats and politicians in the Third World became aware of an economic doctrine that was often in open contradiction with their countries' policies. In addition, from the second half of the 1980s onwards, these technocrats and politicians were influenced by the Soviet *perestroika* and widespread public sector restructuring in western Europe [Talahite, 2000: 69].

Since Algeria officially held to an economic policy diametrically opposed to that of the neoliberal discourse and no major factor justified a dramatic revision of the government's direction, reforms in the economic realm had perforce to be piecemeal and unambitious, at least until 1987–88. Furthermore, as the initiative for change came from within the regime and lacked social support, it could hardly be implemented with diligence.

The dramatic fall in foreign currency revenues from 1986 on narrowed the government's margin for action. In view of these difficulties, the president entrusted a group of state officials led by M. Hamrouche with the task of preparing a thorough restructuring of the economy. This group of reformers kept themselves discreetly in the background, largely protected from frontal attacks by their enemies. They influenced some policies but were unable to ensure their implementation. Since many decisions were either blocked or slowed down, Hamrouche finally realized that succeeding with the *infitah* ultimately depended on stealing a political march on his opponents.

It must be clarified that the promoters of economic reforms were not, as has been affirmed, a group of 'Chicago Boys' [Tlemçani, 1999: 24–29], that is, convinced neoliberals. Although they looked for support from the International Monetary Fund (IMF)¹³ and were influenced to some extent by it, their economic strategy was nationalist in a double sense. Firstly, because it provided for the state's firm tutelage of liberalization. Secondly, because it envisaged minimizing foreign interference on policy making by creditors and international partners.

The Opening: A Quick and Astonishing Political Transformation (1988–89)

The Algerian political opening of the late 1980s and early 1990s had a paradoxical character. On the one hand, many observers justly considered it the boldest and most comprehensive democratization attempt in the Arab world.¹⁴ On the other hand, it never became fully credible to the Algerian population and political parties, despite the unprecedented spirit of freedom it called forth. Elections, although relatively fair,¹⁵ never reached high rates of participation and were boycotted by several parties.¹⁶

Events took place unexpectedly and swiftly. One of the most monolithic single-party regimes in the Arab world was to shatter within a few months. Everything started with the October 1988 riots. During five days some 20 towns in the country were scenes of revolt, causing great destruction, and then saw hundreds of deaths in the brutal repression that followed. After calm was re-established, the president announced important political reforms. In a few months, what was formerly the sole political party, the Front de Libération National (FLN), relinquished its political monopoly and a more liberal constitution was passed. A multi-party system was established, an 'independent'¹⁷ press emerged and the army withdrew from the FLN, assuming a more security-based role. However, as the promoters of change were regime officials and this regime had become highly discredited after the October 1988 riots, people reacted cautiously to the changes. The lack of consultation with other actors from inside or outside the regime reminded many of the authoritarian methods of the past. Moreover, the reform team's ignorance and even rejection of long-standing demands from some of the most active social groups (Berber rights activists, trade unionists, feminists and human rights campaigners) aroused mistrust about their intentions.¹⁸

The legalization of the Front Islamique du Salut (FIS) was a daring step forward at that time and a matter of much controversy at a later stage. Algeria became the first North African country and one of only a handful of Arab nations to legalize an Islamist party. Most political forces and observers who later favoured the interruption of the electoral process reproached President Benjedid for his earlier decision to legalize the FIS, on

the basis that it violated the Constitution. While this is basically true, it could also be applied to other legal Islamist parties (HAMAS, en-Nahda),¹⁹ to linguistically-oriented parties and even to secularist forces (PAGS and RCD).²⁰ Unfortunately, this important question was never submitted to public debate and remains today a key, and unresolved, issue for democratization.

Later, when democratization in Algeria failed, a fruitful debate arose about the causes of failure and more generally about the obstacles for democracy in the Arab world. An interesting issue in this debate was the presence or absence of moderate or bourgeois sectors capable of sustaining democratization.²¹ Some arguments emphasized either the lack of liberal elites within Algeria [Djebaili, 1996: 154] or the weakness of the moderates inside the FIS [Waterbury, 1994: 37–8; Mortimer, 1993: 38–40]. Others pointed to the incapacity of secular forces [Maghraoui, 1992: 24]. Overall, blame was put more on society than on the regime, which is indeed arguable.²² However, by searching for structural faults these scholars understated agency questions such as the legalization of the FIS or the regime's relations with the Islamist movement. In addition, they did not ascertain whether the reformers had any basis of support. In the end this aspect would be crucial.

Accelerating Economic Reform in the Face of Growing Opposition (1989–91)

Democratization in Algeria coincided with a brief but accelerated period of economic liberalization. Such liberalization meant a prolongation of the measures adopted during the 1980s; their application, however, was deeper and indeed unprecedented. Except for agriculture, the reforms introduced in the 1980s had a very limited effect owing to strong resistance in state-owned industrial and trading companies. A major hindrance was the government's inability to activate the key levers of the economy. Consequently, public sector restructuring and the call for efficiency did not bring the expected results.

Nevertheless, in September 1989, President Benjedid called in the team of reformers led by Hamrouche to redress the economic crisis. Once the reformers gained key positions in government, they targeted sensitive centres within the productive and financial structure of the country. The Money and Credit Law released the Central Bank from control by the Ministry of Finance and allowed it to supervise commercial banks and the Treasury, both net issuers of money and loans. Severe limits on public borrowing were set for the first time. A different initiative formally abolished military security's information service (the DGPS),²³ in charge of filtering high officials' recruitment [Abdelaziz, 1999: 73] and checking

economic transactions. New laws on trade unionism eliminated the socialist organization of labour in the state sector and set up a classical liberal system of plural representation and collective negotiation. Lastly, the Algerian dinar was devalued, some food subsidies were removed and imports of consumer goods were liberalized.

These and other measures, which destabilized the basic mechanisms of the rentier and state-administered economy, came into force within a very short timeframe. With the benefit of hindsight, we can say that they lacked enough time and authority to be enforced. Economic reforms originated from a government without electoral legitimacy. In addition, they had been contested during the 1980s by powerful sectors within the political, administrative and economic apparatus. Hamrouche's strategy of combining political and economic liberalization would certainly not eliminate ardent opposition. Since the reformers did not seek consensus, an underground boycott was to be expected. A good illustration is provided by the Ministry of Labour, which sent instructions to state companies, urging them to maintain the socialist structure of representation rather than apply the new legislation [Benamrouche, 1995: 53].

Outside Algeria, instability resulting from the end of the cold war and the second Gulf War also played a role in hindering the reformist project. Governments and private actors refused to take unnecessary risks at a time when there was much to lose. When the Algerian government presented its creditors and partners with an ambitious economic plan to refinance the foreign debt based on the latest financial techniques (for example, the US 'coupon zero'),²⁴ the latter examined it very cautiously and delayed the answer for several months [Corm, 1993: 23–4]. That time was critical for the reformers' government and it may well be that Algerian public importers used their contacts among European (mostly French) insurance companies to slow down the approval of the government's plan.²⁵ In fact, both commercial and financial bureaucrats and foreign commercial partners feared that reforms would harm long-established practices. Bureaucrats in state companies were afraid of losing commercial monopolies; suppliers dreaded being deprived of captive markets and banks disliked the idea of switching high interest short-term loans for low interest long-term ones [Corm, 1993: 23–4; Ghilès, 1998]. This reluctance prevented a quick response. By the time the plan was finally passed, Hamrouche's government had already been dismissed.

The Shortcomings of Political Reform (1988–91)

Political reforms carried out between 1988 and 1991 at first sight look spectacular, especially considering the clear break with the past represented by them.²⁶ Nevertheless, when analysed in depth they prove to be

inconsistent. They were spectacular because they brought to an end the one-party system, the monopoly on trade unionism, the supremacy of socialist principles and state control of information, almost at a stroke. However impressive they might seem, the political reforms were in many respects inconsistent and prejudiced. Some freedoms and civil rights lacked minimum guarantees while others were deliberately approved in order to stymie long-standing socialist opponents of economic reform by allowing other voices to speak louder. Moreover, they were not perceived as sincere and fair by many groups in the opposition, but rather as strategic calculations of the incumbents. These groups largely joined the process but remained sceptical about their promoters.

A liberal framework of norms and institutions was set up but it possessed numerous shortcomings. First, legalization of Islamist, Berber and secularist parties was in principle incompatible with the Constitution, as we have seen. Second, very few preconditions had to be met to found political parties, trade unions or newspapers. This offered the possibility of participation to a wide spectrum of the population, but established no clear delimitation of legal and illegal activities and provided no definition of non-democratic functioning. Third, long-held ideological and organizational tenets were discarded, but new ones were neither the fruit of internal reflection nor of social demands. As a result, democratic procedures barely permeated political organizations, and the courts and state were plunged into confusion. In addition, the state's legal and economic promotion of civil society's organizations (press, parties, associations, etc.) before these had had time to mature created an exorbitant and artificial pluralism. Fourth, civil rights, only recently recognized, lacked precise boundaries and necessary guarantees. As soon as their exercise became controversial, the government did not hesitate to repeal them.²⁷ Fifth, freedom of the press was granted but TV and the press remained state-controlled. Finally, electoral laws allowed for voting delegation, under special circumstances and between married couples, contradicting the basic democratic idea of 'one person, one vote'.

A greater flaw resided in the fact that the reforms could never shake off the taint of the public's suspicion. They created a multi-party system out of a monolithic regime, but the monopoly of decision persisted. Constitutional changes were not negotiated and therefore the rules of the transitional game were seen as intrinsically biased. Some of them did in fact benefit certain groups and ideological positions. Prejudiced measures included: material and legal advantage for the FLN and the Algerian General Workers' Union (UGTA), a first-past-the-post electoral system penalizing small parties, a press code favouring Arabic-language publications, a Constitutional Court that could only be assembled by the president, and public funding for

journalists to leave the official press. Unfortunately, Algeria lacked a prestigious figure impartial enough to act as an arbiter in disputes. President Benjedid could not play this role because he was a long-standing supporter of *infitah*.

Tension and violence are not uncommon in transition processes. In the Algerian context though, outbursts of violence were to mark decisive moments in the course of reforms: the October 1988 riots were the 'spark', the May–June 1991 clampdown on street occupations was the 'turning point' and new eruptions of violence between January and March 1992 signalled the closure. The brutal repression of the October 1988 riots was a particularly significant event. It dispelled the idealized image of the Army as civilians were killed and torture was again practised in Algeria. Furthermore, it fuelled the people's demands for justice which, although unsatisfied, activated a historically rooted tendency to resort to violence for political purposes²⁸

The government's response to economic crisis did little to keep reforms alive. People were suffering from a general shortage of goods owing to cuts in imports, the removal of price subsidies and currency devaluation. Instead of alleviating social unrest, the authorities asked the population to accept greater sacrifices²⁹ and deferred salary increases.³⁰ Citizens should be content just to enjoy the enhanced freedom since material benefits would take longer, it was reasoned. Economic goals of budgetary balancing thus prevailed over urgent social demands.

As for national and international mass media, they were not very supportive of the whole process of reforms, conveying neither encouragement of government initiatives nor confidence in the economy. In 1988, Algerians only found out about the October riots through the French media, given a news blackout in the domestic press. When the foreign press was banned some time later, many in Algeria thought that foreign media were still the most reliable source of information. So the international (especially French) media became influential through satellite television during the electoral campaigns, generally emphasizing the Islamist threat. The national press and television too did little to ease the tension by taking sides in the game of confrontation between the regime and the Islamists.

Nor was diplomatic backing for the incumbents forthcoming from foreign powers. In this sense, the second Gulf War complicated the democratic efforts of Algeria. Early steps in democratizing the country had been applauded by outside countries, then looked upon with ambivalence after the FIS victory in the local elections of 1990 and finally neglected after the Gulf War. Algeria's official position during the war was one of equidistance between Iraq and the international coalition, and support for a

negotiated solution. This stance obviously did not bring Algeria any post-war recompense (unlike for other Arab countries, particularly Egypt and Syria). On the contrary, urgent financial requests were not met and no pressure was made to keep the reformers in place or to prevent military intervention.

The End of Democratization and the Beginning of Political De-liberalization (1991–92)

If economic reform was arrested and finally aborted by bureaucratic resistance and an evasive international response, the political opening was interrupted and reversed by the government's own mistakes. It clearly subordinated credible democratization to the implementation of economic policy. In doing so, Hamrouche followed an erratic course of tactical individual approaches, instead of pursuing a global commitment concerning the rules of the process and the timing of elections. Switches from one political force to another left the government with no loyal actor to sustain it.

Hamrouche and the reformers were the brains behind the February 1989 democratic Constitution even though they held no executive responsibility at the time. Likewise, the legalization of the FIS was completed only one week before the reformers were nominated to government, but it was they who had convincingly pushed forward this idea. In September 1989, Benjedid and Hamrouche feared that power might be recovered by the Boumedienist wing of the party. Rumours indicated that the recently dismissed prime minister K. Merbah was planning to take over the Political Bureau [Moha, 1993: 178] at the FLN congress to be held in November. Boumedienists did not occupy key posts in the party but had started to return since the late 1980s³¹ and could now profit from the new atmosphere of freedom to regain former positions.

Most likely, Hamrouche overestimated the strength of the FLN left wing and its potential for opposition to economic reforms. He calculated that the Islamist movement, coming from a long anti-socialist struggle,³² would counterbalance the FLN as well as the Communist and Berberist opposition, not particularly sympathetic to liberalization.³³ An Islamist trade union, if legalized, would also silence the UGTA protests. This set of calculations led the reformers to legalize the FIS and the Islamist union, the SIT.

Meanwhile, the government failed to attract large sectors of the lower and middle classes. These classes resented the government because of the effects the economic policy had on them. Cuts in basic subsidies and the dinar's devaluation stirred up popular malaise. The middle and upper-middle classes, for their part, rejected the government's cultural and ideological orientation. Old FLN values of Arab-Islamism, adopted by the

reformers, contradicted the new atmosphere of pluralism and were contested by active sectors of the middle classes: francophile intellectuals, Berber rights activists, secularists and feminists. Finally, government criticism of the FLN's record on planning and heavy industrialization alienated the party's elders and many sympathizers of Boumédiène's policies. On the whole, the reformers created a vacuum of support around themselves.

The consequence was electoral defeat and a poor performance by the FLN in the June 1990 local elections. To general astonishment, the FIS took over most local and regional councils. But Hamrouche was not particularly upset. He felt less constrained to accelerate the reforms and only had to worry about being re-elected the following year. In the meantime, the reformers could approach the Islamists and try to achieve a compromise to ensure co-operation between central and local government. However, after several rounds of negotiations, no substantial agreement was reached between the FIS and the government. Although both sides had, objectively speaking, a strategic interest in reaching some form of arrangement, various obstacles prevented any enduring understanding. First, differences in professional backgrounds and economic goals separated reformers from Islamist leaders. Whereas the FIS *majlis al-shoura* was basically composed of teachers and imams,³⁴ seeking to emphasize commerce while bringing it into line with Islamic precepts,³⁵ the reformers were technocrats from the ministries of Finance or Planning, seeking to establish a solvent and deregulated economy.³⁶ Secondly, the FIS could not claim exclusive control over the commercial bourgeoisie, since this constituency was shared with two other Islamist parties, HAMAS-MSP and en-Nahda. Thirdly, the Gulf crisis and its aftermath intensified maximalist demands and sharply reduced the chances of agreement.

As the crisis evolved, the FIS sided with Iraq and tapped into a massive popular sentiment of solidarity with the Iraqi people. Meanwhile the government had to maintain a difficult position of equilibrium between the two contenders, as Algerians demanded more backing for Iraq. After the war, the UGTA resorted to a two-day strike and pulled off a pay increase, showing that the reformers were vulnerable to pressure. Seeing his power erode, Hamrouche tried to recover the FLN's constituency and prepare for the summer legislative elections. But the FLN was now in poor shape after electoral defeat and governmental attacks. So Hamrouche blatantly altered the electoral law so as to minimize the FIS support and increase the FLN's odds. The FIS leadership and other parties were outraged. Feeling strong enough, the FIS launched an indefinite strike, later transformed into the occupation of streets with the intention to force a repeal of the law. The FIS leaders Madani and Benhadj met with Hamrouche to address the crisis. But

neither of them could compromise on their positions. If Hamrouche changed the electoral law, the FLN would probably lose to the FIS and his government would be removed. If Madani and Benhadj accepted the law, the FIS risked a serious setback and the *majlis al-shoura* might oust them. In addition, the FIS felt too confident and irritated³⁷ to make concessions. In this situation, the Army intervened, breaking up the street occupation, forcing Hamrouche to resign and proclaiming a military curfew.

At the critical moment then, the reformers found themselves isolated and unable to restore calm by their own means. The Army's intervention was a turning point: economic reforms were halted and de-liberalization was further pursued. Although the new prime minister, Ghozali, promised fair legislative elections, public space was rapidly compressed. FIS publications were suppressed, the movement's leaders imprisoned and street gatherings restricted. A media campaign was launched to discredit the Islamist party and spread fear about it. The electoral law was again modified and the Ministry of Interior was assigned the task of organizing the elections, taking it away from town councils which were mostly in the hands of FIS mayors. Interestingly, in the months before the elections, strikes and labour conflict decreased but tension and polarization remained high. The labour movement and some secularist organizations (mostly the PAGS, UGTA and RCD) were particularly active in mobilizing support against the Islamists.

Political de-liberalization³⁸ reached its peak after the FIS emerged as the first political force in the first round of the December 1991 general elections. Despite losing over a million votes, the majority system placed the main Islamist party on the verge of a comfortable victory. But before the second round could take place, the president was forced to resign. By a legal manoeuvre, the president of the Parliament was discarded as provisional head of state, against the constitutional provision, and supreme power was transferred to an advisory body composed of civilians and Army officials, the High State Council. An explosion of violence added to the massive imprisonment of FIS militants and mayors. This period ended with the banning of the FIS and the dissolution of all the municipal governments it controlled.

A Critical Impasse (1992–95)

Between 1992 and 1995 Algeria went through a critical phase. Violence reached a climax and many feared the breakdown of the state and military defeat to the Islamist guerrilla groups.³⁹ Politically, there was an enormous vacuum of rules and institutions with neither a Constitution in force nor elected legislative and executive bodies. The passing of the FLN, once the

only legal party, into opposition made normalization even more difficult. Economically, the government tried in vain to avoid debt rescheduling, but was compelled to announce a halt to payments in 1993. Socially, the population suffered a dramatic loss of purchasing power and terrible deterioration in their access to and quality of all public services and facilities.⁴⁰

Ironically, the 1990s had started with positive prospects for the Middle East and North Africa. On the one hand, the end of the cold war and the Arab–Israeli peace process were supposed to bring ‘peace dividends’ to all the countries in the region. On the other, the New International Order was sending encouraging signals for globalization and democratization. The main financial institutions agreed on a single universal recipe for economic growth and ‘good governance’ in what has been labelled the ‘Washington Consensus’ [Williamson, 1993]. However, Algeria was immersed in serious civil strife after years of negative economic growth, and was clearly not in the best of conditions to face the enveloping effects of globalization.

After 1995, when the most critical point in financial and military terms had been overcome, the regime engaged in political and economic transformation. This consisted mainly of approving a structural adjustment programme and restoring a constitutional multi-party framework. Heavy casualties in the civil confrontation and rapid impoverishment marked the background to these changes, notwithstanding a softening of the conflict.

The Recovery of the State (1995–99)

*The Reinvention of a Liberalized Authoritarian Order*⁴¹

The reinsitutionalization of the Algerian regime in the second half of the 1990s revealed a complete absence of procedural and institutional innovation *vis-à-vis* the 1989 democratizing effort. In fact, the 1996 Constitution was a carbon copy of that of 1989. Most of the functions conferred on the president, the prime minister and the Parliament in the 1989 text were reproduced in the new constitution. Not even the role of the Army changed constitutionally speaking, despite its leading role in the ruling of the country. Even the methods used to establish these institutions – government initiative, a minor role for the parties⁴² and popular referendum – very much resembled former practices.

There was also remarkable continuity on the ideological plane. The war regime appealed to the same ‘November 1954’ values proclaimed by the authors of the 1992 coup. General Nezzar was indeed the man connecting both events and discourses since he was a main actor in 1992 and then chose

General Zeroual for the position of head of state. Zeroual would carry out the reinstitutionalization of the regime. The new legitimizing values revolved around three central ideas: patriotism, republicanism and democracy. Their precise meanings are specific to the Algerian context and must therefore be explained. 'Patriotism' is the antithesis of terrorism; the so-called 'patriots' are state-armed militias operating in rural areas to fight Islamist forces. 'Republicanism' is an evasive concept, whose concrete meaning must be searched for in the French intellectual tradition. It refers exactly to the supremacy of politics over religion. In Algeria, this translates into a political authority free from religious scrutiny. However, this independence from religious supervision does not imply, contrary to the French secular model, that political authorities cannot use religious vocabulary and reasoning to legitimize themselves. Finally, 'democracy' basically relates to those parties supporting the decision to cancel the elections and the regime's option for armed repression and exclusion of the FIS. Parties like the FFS or the PT that opposed the cancellation are not automatically involved in this category, whereas others radically against the FIS and loyal to the regime, even if they are also of Islamist ideology (Hamas/MSP) are readily considered democratic. The enemy of democracy is 'medieval totalitarianism', which some Army officials and secularists depict the FIS and its supporters as practising.⁴³

Institutional order was completed by the election of the president of the republic (1995) following the dissolution of the High State Council (1994) as the highest authority. The full figure of the president was restored along with wide-ranging powers. Nevertheless, he continued to be nothing more than a modern 'despot without freedom'.⁴⁴ Despite the numerous constitutional prerogatives he received, the president was always forced to obtain general acquiescence from the elite factions (clans within the Army, public sector and official parties) before making crucial decisions. Furthermore, matters of sovereignty such as the peace settlement, foreign and defence policy and privatization required a narrower consensus among principal actors. Finally, the question of presidential succession remained an exclusive prerogative of the Army, through informal but firmly-rooted procedures.

The restoration, albeit with minor changes, of the 1989 Constitution and the previous institutions took place in an authoritarian context in which some limited pluralism had been consolidated. These were small areas of freedom that were left untouched by the war regime. Limited pluralism flowed from a diverse and outspoken press, more genuine trade unionism and a range of more mature political parties. Direct critiques of political personnel including the president himself were common in the press. The labour movement disentangled itself from strict allegiance to the state, and

members of political parties were becoming progressively used to open debate and free elections as means of resolving disputes. However, the real impact of these advances was restrained by several factors. First, war and social crisis have lowered participation to minimal levels.⁴⁵ Second, each of these channels of expression (press, unions and parties) worked in an unstable and unclear legal framework. The press was threatened by an intimidating penal code, severely punishing 'speech offences'.⁴⁶ New unions could not compete with the former single union (UGTA), which still received preferential treatment by the state. Finally, political parties were constrained to act loyally towards the regime through fear of being banished since the law was intentionally ambiguous on the boundaries of legality.⁴⁷

Although further liberalization has thus far been prevented, some changes have occurred in the functioning of the new authoritarian regime as compared to the single-party system. First, social and political control is no longer executed through the FLN (which spent a long time in opposition and was then weakened) but through the 'pluralist' channels referred to above. Press, unions and parties circulate an acceptable ideology, a suitable version of the war, while they help contain social and labour conflict. But a society in anomie and decomposition, as is the case of Algeria, needs stronger mechanisms of social control and discipline. These are provided by moral discourse and especially by armed institutions such as the Army, the militia and the Islamist groups. Each of them fights to impose on the population absolute allegiance to its cause under the ever-present threat of death.

Second, the function of representation is evolving a new and more complex nature. The previous one-party system of representation proved to be devoid of substance and has given way to a set of fluid relations difficult to evaluate. A critical overview of trends in representation in Algeria is nevertheless possible if we deal with 'disaggregated' concepts. Political representation can be broken down into two basic components: participation and accountability. Participation, as discussed above, had fallen despite the existence of liberal channels for political expression. Political parties exemplify this tendency perfectly: despite a decade of consolidation, none of them yet possesses a stable basis of support.⁴⁸ Distrust in conventional forms of political representation is endemic in Algeria and will last at least as long as civil conflict is unresolved. This is one of the reasons why people desert those channels of participation and follow others or no channel at all. Alternative courses for political expression are for the most part non-institutional, such as tribal village-based platforms (Kabylia), street riots over several causes of popular unrest (water shortages, housing allocation, etc.) and at sporting and musical

venues. Often too, individual behavior evinces an outright rejection of politics and institutions, as can be seen by drug addiction, media alienation and delinquency.

As for accountability, there have been contradictory patterns. On the one hand, a new political culture has been born denouncing abuses of power, demanding inquiries and politicians' dismissal and prosecution. The press has been particularly active in this respect. On the other hand, little judicial and political action has been undertaken to curtail corruption and most political scandals have remained unresolved [Hadjadj, 2001: 302–5]. The judicial system is the target of attacks even by the president himself, who is always announcing a thorough reform of the judicial system. At the same time, more and more areas of the public agenda have escaped the mechanisms of checking and supervision. To the old opaque areas of defence and hydrocarbons, must now be added those of privatization and war crimes (massacres, disappearances, etc.). Unsurprisingly, there is an increasing feeling among the population that real decision-making over many key issues is now harder to control than it was before.

A third realm of political transformation is that of informal politics. This has grown larger not only in the area of grass roots action, but also in high-level policy-making. Two facts have strengthened this latter trend. First, financial and economic pressures from abroad have accelerated the 'transnationalization of the state' in Algeria.⁴⁹ In spite of deceptive appearances and discourses, the Algerian economy has always been fully part of the international capitalist market, being tightly linked to it by oil, credit, technology, capital and consumer goods. This (inter)dependency intensified in the 1990s because of new pressing needs: debt-rescheduling, the search for foreign investment and the purchase of anti-guerrilla weaponry. This, in turn, has multiplied the frequency and relevance of non-institutional meetings, either casual rendezvous between politicians or work interviews between high bureaucrats. Both sorts of meetings are of course beyond public scrutiny. It is also the case of international business meetings, negotiations with EU or IMF officials, and personal visits of the Algerian president in quest of foreign investment.⁵⁰

A second factor facilitating the expansion of informal politics has been the rise of the Army to direct political command. Prior to 1989, the Army stayed backstage, rarely speaking in public. Since then and especially with the start of the armed conflict, it has moved to the fore and assumed political responsibility. Ex-military officers (with the exception of Bouteflika) occupy presidential posts, while succession and peace initiatives have come necessarily from the Army. Meanwhile their spokesmen vindicated the decision to halt the elections and responded to

accusations of negligence. As the Army gets more involved in daily policy-making, personal differences within its leadership become keener and more evident. Yet, they remain beyond institutional control. Contacts among key military officials take place not only on the General Staff Council but primarily outside it, in the context of business and family relations.

Thirdly and lastly, economic liberalization in the 1990s has given an impulse to existing patron-client networks in that importers out to make quick profits have been encouraged to compensate for the state's loss of distributive capacities. Yet, since obtaining an import licence depends on having the right contacts in the administration, powerful figures can easily become patrons of commercial clientele. This is only one way whereby clientele have been reconstructed and have grown in force. In their expansion, clientele are able to absorb and reconcile elite factions that were formerly rivals.⁵¹ At the same time, this informal dimension of politics and economic management is increasingly visible to the public, which rightly questions the role and efficiency of political institutions. On balance, the prospects for democratization look gloomy and cynicism is widespread.

Foreign-led Economic Liberalization (1994–99)

Economic liberalization in Algeria deepened in the second half of the 1990s, driven by the structural adjustment programme (SAP), applied between 1994 and 1999, and different pressures coming from globalization (the arrival of new information technologies and negotiations for a free trade agreement). Unlike the earlier *infatih*, which was basically an internal adjustment, liberalization in the 1990s became a foreign-led attempt to restructure the economy. Failure to achieve internal adjustment, epitomized in the 1993 interruption of payments, led Algeria to accept debt rescheduling and external conditionality.

The SAP was an unwanted option that the Algerian authorities had always tried to avoid. They were fully aware of how difficult it would be to justify this decision to the populace after decades of fervent nationalist and anti-imperialist discourses. This political obstacle would obviously manifest itself in the opaque implementation and unsatisfactory results of the SAP. Nevertheless, financial institutions have assessed Algeria's application of the SAP in very positive terms [Benabdellah, 1999: 25]. In fact, macroeconomic variables have been balanced and the country has accumulated enough foreign reserves to make repayments for several years. Algeria can now repay its debt⁵² and that is why its authorities have declined to renew the SAP, against IMF advice. However, its solvency is extremely fragile and will not allow the government to relaunch economic activity through public investments.

The recent surplus in the balance of payments is due almost exclusively to stable oil prices [Benabdellah, 1999: 26–27] rather than to good economic management. On the other hand, the weight of debt servicing and war expenses (25 per cent of the budget)⁵³ prevents the state from promoting investments that are needed to reactivate a severely damaged socio-economic fabric. While national and international private investors keep aloof, capital inflows cannot compensate for the reduction in public spending.

An explanation for this apparent paradox of the adjustment – official praise but real vulnerability – can be found in the methods and conditions surrounding the liberalization process. We have already considered the obstacle of public opinion. Another negative circumstance is constituted by the objective difficulties of carrying out privatization in the public sector. Ironically, Algeria has an enormous public sector, potentially transferable to private ownership, but in fact very hard to sell. The excessive size of production units, the obsolescent equipment and over-employment make the sale of substantial parts of the public sector highly problematic.

Confusion has also hindered the implementation of reforms. Several pieces of legislation dealing with restructuring and privatization were passed in a short period of time and there were at least four political authorities responsible for co-ordinating the reforms.⁵⁴ Although all the legal texts set ambitious objectives in the short term, in practice their application has been terribly slow. Elite factions fighting over the most lucrative parts of the public sector (land, commercial enterprises, consumer goods factories, etc.) caused this delay. This struggle, only resolved by lengthy bargaining, paralysed the functioning of the administration and therefore the reforms.

Finally, violence has had a strong impact on the nature of privatization. In general, it has accelerated privatization but in predatory conditions. This is the case of public transportation and cultivated land around Algiers. Attacks on state buses and facilities have been reported to precipitate sales of this service to private companies, which once in charge seem to neglect their duties [Martínez, 1998: 192–94]. Also, dreadful massacres in the rich Mitidja agricultural area could be related to the expulsion of small farmers from the last remaining public properties.⁵⁵ In this respect, uncertain property rights inherited from colonization and nationalization complicate even more the issue of land transfers.

The termination of the SAP in 1999 left behind important gaps. Fiscal and banking reform received only marginal attention and most importantly, state restructuring is still pending. As long as these issues are untouched, the remaining aspects of the SAP will only have limited effects. Foreign investments for example suffer particularly from a rather discouraging

environment, except for hydrocarbons and a few other sectors such as pharmaceuticals and fertilizers [Day, 2001: 188–89]. Algeria is losing the race to attract international capital,⁵⁶ along with other countries in the region that cannot compete with fast developing areas of the world.⁵⁷ Moreover, this is despite the fact that Algerian presidents Zeroual and Bouteflika have made great efforts to attract foreign investment, including the conclusion of an association agreement with the EU providing for greater financial co-operation.

Regarding this association agreement with the EU, signed in 2001,⁵⁸ Algeria's main interest has always been the prevention of terrorism and not free trade. This is why the agreement was reached after lengthy negotiations and includes an important clause providing for international co-operation against terrorism. Unlike its neighbours (Morocco and Tunisia), Algeria is not primarily interested in lifting tariff protection and preparing for a Euro-Mediterranean free trade area due to start in the year 2010. Rather, it is mostly concerned with obtaining political and police commitments to repress terrorism from its main partners, which are also vital havens for Islamist rebels.⁵⁹ In this sense, the inclusion of a specific clause on terrorism in the agreement can be seen as an important victory for the Algerian regime. European countries which have until recently advocated a negotiated settlement to the conflict are now implicitly acknowledging the legitimacy of the Algerian authorities and their use of coercive means to end the confrontation.

Finally, the introduction of new information technologies, based on digital technology such as wireless and cordless telephones, computer services and (in)direct satellite transmissions,⁶⁰ was expected to foster pluralism and economic growth in the entire Middle Eastern and Northern Africa region, as everywhere else. While economic effects so far are positive although modest, the political consequences are at best uncertain. Regimes in the Maghreb are in control of the number and speed of licence concessions for Internet servers [Kavanaugh, 1998: 104–5]. If new technology communication is contained within certain limits, then contents and Internet messages can be checked by regime agencies. Internet and cellular servers as well as booster stations for indirect satellite transmissions can be shut down if they are deemed to be troublesome [Kavanaugh, 1998: 105–6]. Overall, there remains some space for free communication which will probably become harder to monitor as more information is channelled through wireless hardware (mobiles, etc.) and direct satellite television [Kavanaugh, 1998: 105–6]. Their democratizing impact has yet to be seen.

Conclusions

The dominant literature and policy-making orientations take for granted that economic liberalization is conducive to political liberalization and to democratization. However, evidence from the Algerian case in two periods of study suggests that such statements should be revised and may be discarded as valid bases for generalization or policy recommendation. Instead, we contend that more attention needs to be paid to content and context in order to understand economic and political interactions as well as their outcomes. Content and context primarily reveal that economic liberalization and democratization are seldom objectives in themselves, but rather are strategies that frequently depend on each other (instrumental) or both on external imperatives (complementary).

In our piece of analytical research, we found that there is indeed a strong relationship between economic and political change, but that it does not occur in the normally expected sense. A positive correlation between economic liberalization and democratization is absent and neither a bourgeoisie nor a strong civil society emerged as a consequence of economic liberalization. Concerning the first period of interrelated change (1988–92), we argue that it was the failure in economic liberalization, and not its success, that indirectly led to democratization ('negative causality'). Then, political changes were conceived and executed paying excessive attention to economic goals. This instrumentality of democratization turned into a serious inconsistency causing the reversal of both economic and political reforms. For the second period (1994–99), we contend that economic liberalization (basically structural adjustment) and political change ('liberal' reinstitutionalization) were complementary strategies aimed at saving the regime from total collapse. Contradicting prevalent assumptions, the Algerian state did not become weaker with foreign-led liberalization to the benefit of civil society: on the contrary, it recovered its strength and its control over social mobilization. Apparently, adjustment and reinstitutionalization were successful and the state's survival was ensured. Nevertheless, they were carried out incompletely, on a predatory basis and lacking real commitment, thereby leaving the country with a more vulnerable economy and great cynicism regarding democracy.

The prospects of democratization and liberalization in Algeria are obviously not bright, but some advance can be made if lessons are drawn from previous mistakes. First, democratization must be credible and this has much to do with how and what initial measures are adopted. Authoritarian and biased methods send signals that provoke suspicion. Second, a supportive international environment for political change is vital; that is, one prepared to accept unforeseen results as well as those hoped for. Third,

no far-reaching economic reform will succeed if it is imposed, cunningly masked or implemented without previously democratizing the state. Lastly, democratizing the state also means defining and delimiting the role of the Army in government, the use of religion in politics and the form of public intervention in the economy. The resolution of these issues by the Algerian political class is crucial for the country's future.

NOTES

1. Economic liberalization can be defined as a general policy orientation comprising a reduction in the state's economic role, recognition of private economic liberties and a stronger functioning of internal and external market mechanisms.
2. Political liberalization is currently defined as the process of extending citizens' opportunities for autonomous action away from the state by guaranteeing individual and collective civil rights. See O'Donnell and Schmitter [1986: 7].
3. Early modernization theorists have tended to link economic advancement and political development, normally implying liberal democracy [Randall and Theobald, 1985: 2; Ehteshami and Murphy, 1996: 10–11]. Departing from determinism, renowned political scientists and sociologists have pointed to social prerequisites for democracy. In this vein, R. Dahl specified that a 'pluralist' society 'with a number of autonomous groups and organizations, especially in the economic realm', is conducive to a polyarchy [Dahl, 1992: 301]. S. Huntington [1994: 71] observed that the creation of open economies with non-state economic agents and middle classes were one of the factors behind the 'third wave' of democratization. Political economists have also connected a reduction in state intervention in favour of the private sector with better chances for democratization. J. Waterbury [1997: 166], for example, sees better prospects for democracy now because 'states must concede greater accountability in exchange for shifting the burden of social costs directly to their citizens'.
4. Democratization represents a step further than political liberalization. It refers to the actual empowerment of citizens by means of larger political participation and better representation, greater competition and higher accountability of the authorities. This definition synthesizes the ideas on democratization of Dahl [1992], Korany *et al.* (eds.) [1998] and O'Donnell and Schmitter [1986].
5. In 1981, the World Bank issued the Berg Report, which advocated the need for a radical change in the strategy of development. The report lay down the basis for 'economic conditionality' of international financial assistance, by subordinating the renewal of assistance programmes in Africa to the fulfilment of structural adjustment plans. These plans included import liberalization, currency devaluation, cuts in state expenditure and public subsidies [Rodríguez-Piñero, 2000: 231]. In the late 1980s and early 1990s, an implicit agreement in the Bretton Woods institutions emerged about the conditions for 'good governance', basically a minimal liberal state, in what came to be called the 'Washington Consensus' [Williamson, 1993].
6. Dodge [2002: 174] has convincingly argued that a clear distinction between public and private, state and society is 'fragile' in the Middle East and North Africa because markets still depend a lot on the states that created them.
7. For the debate on pluralism, see Haddad [1995, 1996].
8. This means that the main force behind democratization in the Algerian case is not success in economic liberalization but rather its failure.

9. Benjedid was the son of a prosperous farmer, whereas Boumédiène came from a poor peasant family. While the former was well known for his enjoyment of life and lively looks, the latter was a very austere and rigorous man as his physical appearance always revealed.
10. Benjedid had been commander in chief of the fifth military region (Wahran) since independence, where an active business sector had been developing.
11. This was done through a resolution of the Central Committee of the FLN (1982), a revision of the National Charter (1986) and several laws adopted during the 1980s.
12. See for example S. Gill's work [1991] on the role of the Trilateral Commission as a vanguard and active political and economic forum in the 1980s and the 1990s.
13. Moreover, reformers probably acted under pressure to show the international community a more democratic picture of Algeria. This, they probably thought, would improve their own bargaining position on financial issues.
14. See, for example, Hudson [1991].
15. Vote delegation was largely used in the first elections while one million voting cards were not delivered during the second ones.
16. Turn-out was approximately 65 per cent for the local elections in June 1990 and 59 per cent for the first round of the legislative elections in December 1991. The FFS and MDA were some of the parties boycotting the first round while eight others, mainly the PAGS-Ettahadi, boycotted the second poll.
17. The government assured three-year salaries for journalists leaving the state-owned press to fund new newspapers [Kraemer, 2001: 75]. This 'independent' press still relied on public advertising and press-printings [Mouffok and Chaulet, 1992: 50]. Privately-owned newspapers took off very slowly because of the low profits associated with conventional media [Mouffok and Chaulet, 1992: 55].
18. O'Donnell and Schmitter [1986: 10–11] have pointed out the importance of credibility in the success of transitions to democracy.
19. HAMAS is an Arabic word meaning fervour and is the acronym of the Arabic words Movement of the Muslim Society, later renamed the Movement for Society and Peace (MSP). It is a national-based Islamist party close to the Muslim Ikhwan in Egypt. En-Nahda (resurgence), whose complete name is Movement of the Islamic Nahda (MNI), represents an Eastern-based Islamist party led by Sheikh Jaballah. In 1999, the MNI split, leading to the creation of the Movement for National Reform (*Harakat al-Islah al Watani*, MRN), opposed to participation in government.
20. PAGS stands for *Partie de l'Avant-garde Socialiste* and is the successor of the Algerian Communist Party (PCA). The Union for Culture and Democracy (RCD) is one of the two Kabyle parties and has a distinctive secularist stance, the other being the *Front de Forces Socialistes* (FFS) led by Ait Ahmed.
21. O'Donnell and Schmitter [1986] provided a theoretical model for transitions in which moderates in the opposition made an implicit or explicit pact with soft-liners in the regime.
22. Exceptions here included were Entelis and Arone [1992: 34–5]. L. Addi and G. Martín Muñoz have also criticized the Army for interrupting the electoral process.
23. *Direction Générale de la Prévention et la Sécurité*, belonging to the Army's political police (*Sécurité Militaire*).
24. Used for example in the Mexican financial crisis of 1988; see Corm [1993: 23].
25. This idea is implied in Corm's argument and also in Ghilès [1998].
26. A well-known specialist on Algeria, G. Martín Muñoz [1990: 261] named this break 'Algeria's Third Republic'.
27. This happened when the Islamist movement resorted to indefinite street occupations to protest against electoral gerrymandering. The regime responded by repressing these gatherings, depriving the FIS of its press organs and imprisoning its leaders.
28. Violence was quite frequently used in Algerian recent history and viewed as a legitimate

form of action. For example, during Abdelqadir's resistance against French colonial occupation, during el-Moqrani's rebellion and again during the war for independence (1954–62). In all three cases, legitimation came among other sources from religious authorities when they were not themselves at the battle front (Abdelqadir and el-Moqrani were Sufi leaders as well as military leaders).

29. Prime minister Hamrouche literally said that people would not have to go through bloodshed again but only through tears. See D. Vandewalle, 'Rupture avec le socialisme: Liberalisation et privatisation économique en Algérie', *Naqd* 7 (1994), p.20.
30. Salary increases were agreed between the UGTA and the government, but actual rises were delayed and partially applied, provoking worker unrest and a general strike in March 1991 [Benamrouche, 1995: 52].
31. Two influential ones were A. Bouteflika and S.A. Ghazali.
32. The Algerian Islamist movement opposed socialism during the 1960s and 1970s, especially condemning land confiscation.
33. The Berberist parties normally identify themselves with social democratic values, even if the FFS is slightly more left wing.
34. 21 out of the 33 members of the FIS executive organ (the *majlis al-shoura*) formed in 1989 were either teachers or imams; another six were merchants [Cheurfi, 2001: 499–500].
35. The FIS electoral programme emphasizes the role of trade and the regulation by Islamic laws of commercial and financial activities. Agriculture and industry are treated with much more vagueness; they should be based on small units of production and oriented to the national market (excerpts from the programme can be found in Al-Ahnaf *et al.* [1991: 179–88]).
36. Roberts [1996: 128-29, 137-41] underlined the dilemma faced by the FIS, torn between its goal of social justice and support for the government's line of financial adjustment.
37. While the FIS was manipulated into the regime strategy, according to Roberts [1994], it might have then realized the stratagem and become more antagonistic towards the government.
38. A concept we owe to Eberhard Kienle [2001: *passim*].
39. At that time a report prepared for the US Army was delivered by the influential Rand Corporation, assessing Algeria's chances of becoming an Islamist republic. See Fuller [1996].
40. Unsurprisingly, Algeria's position in the Human Development ranking is stuck and shows poor capacity to convert economic income into better living conditions (IDH ranked 109 and PIB/PPP ranked 94, in 1997). In that year 28.8 per cent of the population lived below the poverty line [Benyoub, 1999: 125].
41. Borrowed from Noura Hamladji [2002].
42. Parties were consulted before the adoption of the Constitution, but the main parties' demands, as expressed in the San Egidio platform and the Calling for Peace of 1996, were basically ignored.
43. For example, Ali Haroun, one of the members of the High State Council, explained that the coup was intended 'to save Algeria and democracy from the threat of falling into the darkness of a several centuries old theocracy' [Nezzar, 1999: 8].
44. This idea of a 'despot without freedom' is taken from several descriptions of the Algiers Dey during the Ottoman period. In particular, H.-L. Etienne states that the Dey was sometimes powerless to extract taxes from inland tribes. Another article on 'North Africa' affirms that the Dey was chosen from among and by the janissary officers, who watched over his private life and prevented him from leaving Algiers so that he could not claim any right over his succession. Despite this fact, the Dey ruled without restriction on all other matters. See *Encyclopaedia Britannica*, 2000, 'Dey' and 'Bey' entries; and H.-L. Etienne, 'North Africa, History', *Encyclopaedia Britannica* 24 (1992), p.959.
45. In the last legislative elections (May 2002), electoral abstention stood at 46 per cent, that

- is, even higher than in the controversial first round election of 1991 (41 per cent) (www.algeriainterface.com, 31 May 2002).
46. The law of 16 May 2001 reformed the penal code and introduced prison and money penalties for offending by word or drawing high civil servants, politicians or the Army [Kraemer, 2001: 82–3].
 47. The 1997 electoral law in application of the 1996 Constitution prohibits the creation of parties on a religious, linguistic or regional basis; they are not allowed to issue manifestos containing ideas threatening the country's identity, sovereignty or the democratic and republican character of the state. The interpretation and judgement is left to the Constitutional Court, an organ whose composition is clearly dominated by presidential choice. The president appoints three of its nine members and two others are designated by the Senate, one-third of which is also nominated by the president.
 48. So-called 'moderate' Islamist parties (MSP/ex HAMAS and MNI/ex en-Nahda), that is, those legalized and more or less loyal to the regime, have failed to attract most of the FIS electorate while achieving irregular results between the 1997 and the 2002 general elections. On the other hand, Kabylia-based parties (FFS and RCD) have recently been bypassed by other forms of representation, the 'ourouch' or tribally-based committees, acting quite independently from either Kabyle party. As for the nationalist-conservative FLN and RND (Rassemblement National Democratique), they have exchanged a great number of votes between the two elections, something that has more to do with the choice of official candidate for the Presidency than with voter preferences. Finally, leftist parties such as the Communist (PAGS, then MDS, now Ettahaddi) and the Trotskyist (PT) parties have very limited constituencies for intellectual and ideological reasons, which prevent their social bases from growing.
 49. Transnationalization of the state can be defined as the process whereby the state's structure, functioning and its measure of efficiency result from its adaptation and response to transnational capital stimuli. Transnationalized states modify their organization, personnel, orientation, priorities and even their centres of influence and decision to become more or less receptive and regulatory *vis-à-vis* transnational capital. Richard Cox, cited in Gill [1991: 46–47].
 50. President Bouteflika is a well-know traveller. He has tried to exploit his former experience as a business consultant to Gulf countries' companies while he worked in Switzerland, to attract investment to Algeria. This is the main reason behind many of his trips.
 51. The reappearance of elements linked to the late Benjedid regime in current Algerian institutions, along with Boumedienist figures close to Bouteflika, reveals that clientele can bring together apparently irreconcilable segments of the leadership.
 52. Foreign currency reserves have evolved in very positive terms from \$2.67million in 1994, \$4.23million in 1996 and \$7.21million in 1998 to \$11.91m in 2000 (*The Middle East and North Africa Yearbook 2002*, London: Europa Publications, p.196).
 53. In 1999 the interest payments amounted to 126.4 out of 961.7 thousand million Algerian dinars, that is 13.14 per cent of the budget (*ibid.*). Military expenses in 1998 represented \$1.75 out of \$14.9 billion, that is 11.74 per cent of the budget, according to Shail Feldman and Yiftah Shapir [2001: 88].
 54. These are the minister of industries and restructuring, the minister of participation and coordination of reforms, the prime minister and the president of the republic. To illustrate this clash of tasks, it can be useful to look at former prime minister Ahmed Benbitour, who complained in his letter of resignation about presidential interference and accused the president of violating the Constitution.
 55. Massacres in Algeria have been occurring since 1996. Although the main reason behind the 1997 escalation of massacres was the sudden and incomplete change of control in certain areas and subsequent acts of revenge for defection [Kalyvas, 1999: 243 and *passim*], land privatization, which began in 1998, may have triggered violence with ulterior motives in the region, owing to its attractiveness and unclear regulation.

56. Current statistics on foreign direct investment in North Africa show first that Algeria has fallen well behind Morocco and Tunisia and second that Algeria largely remained static in the period 1985–99 despite opening up to oil investment (*The Maghreb Report* 45, 3rd quarter of 2002, p.31).
57. According to R. Wilson [2002: 193], the MENA region became further removed from major international exchanges during the 1990s. The member countries lost weight both in terms of global trade and foreign investment.
58. In December 2001, Algerian and EU authorities initialled this agreement. Formal signature and parliamentary ratification was due in 2002 (D.S. Lewis (ed.), *Keesing's Record of World Events 2001*, Cambridge, UK and Washington, DC, Vol. 47).
59. Islamist leaders in exile are principally established in the United States, Germany, the United Kingdom, France and Spain. France ceased being the main Islamist haven after the 1995 bomb attacks on the Paris underground drastically changed France's approach to the Algerian conflict.
60. Indirect satellite television requires booster stations to repeat and amplify the signal whereas direct satellite transmission does not need booster stations and programmes arrive without interference.

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