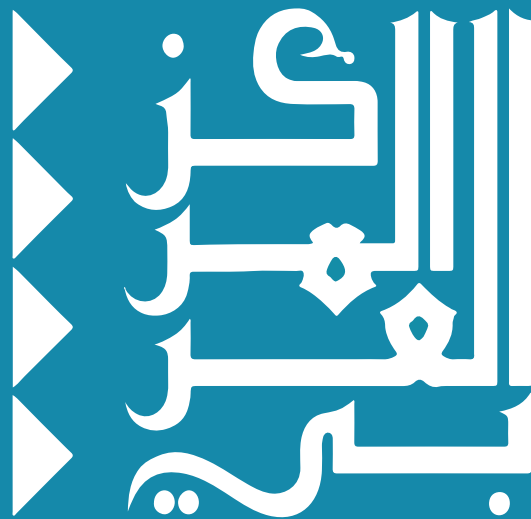


Challenges Facing Algeria's Future

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By any measure, Algeria appears to have overcome the cataclysmic events of its civil war that ravaged it in the 1990s and killed over 200,000 people after its military staged a coup in 1992 to prevent the Islamists from gaining power. The country has conducted periodic presidential and parliamentary elections and its state organs are functioning to preserve whatever gains it has achieved since its revolution against French occupation that resulted in one to one-and-a-half million martyrs. As Tunisia experiences its post-Arab Spring jitters, Libya undergoes wrenching instability and division, and countries to its south are threatened by terrorist groups, Algeria seems to plod along, calm and collected.

But appearances may be deceptive. With a frail president suffering from the debilitating effects of a severe stroke that has limited his public engagement, Algeria is limping toward a political crisis that will threaten its own stability and that of its neighbors. It no longer resembles the image it carried as a symbol of the anti-colonial struggle for independence. Nor can it withstand the myriad pressures of a lethargic political system, a poorly performing rentier economy that stifles innovation, and a rising Salafi Islam that is competing with a long-established secularist tradition and precipitating an identity crisis similar to that in other developing countries.

Problems in the Political System

Algeria's political system is a distant heir to the populist one established after independence from France in 1962, when the leader of the

Algerian Revolution, the National Liberation Front (known by its French acronym FLN), founded a socialist revolutionary state. But today's state is hardly a replica of its former self. It is indeed a reflection of the last quarter century which began with a military coup to stifle the results of a parliamentary election, which would have allowed the Islamic Salvation Front (FIS) to uproot the FLN and its secular state. Prior local elections in 1990 had given FIS a majority of municipalities around the country and were a harbinger of what would follow a year later. Aborting that democratic transition set the stage for a brutal civil war that ended in 1998 but resulted in the further entrenchment of a military secular elite ruling the state.

What today most ails Algeria is the presence of an ailing man, President Abdelaziz Bouteflika, at the apex of political power. He was debilitated in his third term, in 2013, by a severe stroke that left him unable to speak. But in 2014, and despite poor health that actually prevented him from making public appearances, he ran for a fourth term and won with over 81 percent of the popular vote. (It is noteworthy that Bouteflika amended the constitution in 2008, allowing himself to run for office indefinitely; the constitution was amended again in 2016 to re-instate a two-term limit for the president.). His nearest rival, Ali Benflis, received only 12 percent of the vote. National turnout was less than 52 percent. But as a pivotal figure and arbiter of politics, Bouteflika's absence from public life—he appeared only once between his inauguration in 2014 and last May's

parliamentary elections--puts a large question mark on his rule and on the future trajectory of the Algerian state.

On the other hand, and despite his ill health, in 2015 the president engineered the ouster of strong military and intelligence chiefs and appointed replacements. This prompted speculation that he may not actually be in charge but that there was a cabal, led by his brother Said, that was acting in his name. He replaced the intelligence chief, General Mohamed Mediene, who had served in his post for 25 years and played an instrumental role during the civil war, and arrested Mediene's deputy, General Abdelkader Ait-Ouarabi. Mediene was said to oppose the president's fourth run for the presidency. Bouteflika today cultivates a good relationship with the army's chief of staff, Ahmed Gaid Salah, ensuring a strong base in the military. And he maintains control over the FLN and its ally in parliament, the National Rally for Democracy.

In parliamentary elections last May, Bouteflika's FLN maintained its leading position in parliament, despite losses. It won 164 seats (down 25 percent from 2012) out of a total of 462, but was assured of its dominance through an alliance with the National Rally for Democracy, which increased its seats from 68 to 97. The Islamist Movement of Society for Peace won 33 seats, while the rest of the seats went to disparate parties and groups. With a low participation rate of about 38 percent, these results reflect at least three interdependent facts: that Algerians may have finally lost faith

in the political process; that the Front is finally approaching its natural end; and that Algeria may have lost the controlling political arm that provides the state with its legitimating ideological ethos. In sum, with an immobile presidency and a passive parliamentary life, Algeria may soon find itself bereft of the necessary mooring at a time of increased regional instability and heightened pressures from a young population.

Lethargic Economic Performance

As a typical rentier state, Algeria is going through the same tribulations of other cohorts during the global slump in energy prices. In addition, it has a state-controlled economy inherited from the post-revolutionary period where the private sector lacks needed funds to expand. Oil and gas account for about 30 percent of the Gross Domestic Product (GDP), 60 percent of budget revenues, and 95 percent of export earnings. Between 2011 and 2015, the country's nominal GDP fell from \$200 to \$165 billion. In 2016, the GDP declined further to \$156 billion. With a population of 40.6 million, it has an unemployment rate of 9.9 percent. But the worry is that half the population is under 30, one-third of whom are unemployed. With an inflation rate of 5.9 percent, its current account balance in 2016 was -\$26.31 billion, a negative amount that is likely to increase if energy prices do not recover soon.

Algeria's economic growth in 2016 was only in the hydrocarbon sector, which saw an improvement of 3.6 percent from 2015, while non-hydrocarbon growth (agriculture, services,

and industries) fell to 3.9 from 5 percent. Where the government has been able to improve its macroeconomic picture is in implementing austerity policies and increasing taxation, two regressive measures affecting the poor. The World Bank's outlook for Algeria's economic and social future does not augur well for the government. Estimates for the period 2017-2019 see average growth at a meager 1.2 percent as a consequence of continued problems in hydrocarbon production, although the bank expects modest growth after that. Another worry also comes from the government's intention to increase borrowing to make up for its fiscal deficit, thus increasing levels of public debt (13 percent of GDP in 2016).

What has been missing is a concerted effort to support the private sector and attract foreign investment in the different sectors of the economy. Given the government's inability to expand market mechanisms because of the limitations imposed by the slump in energy prices and budget deficits (13.3 percent in 2016), private sector companies must be encouraged to fill the gap. These companies may be most needed in developing the tourism industry, a quest that may require a public debate about the impact the sector will have on the social fabric.

Rising Conservatism and the Challenge of Identity

Algeria does not seem to be different from any other MENA country when it comes to the challenges posed by the clash of old secularist policies—following the revolution for national liberation—with a clear orientation toward

religiosity. Reports from Algeria speak of a latent resurgence of Islamic conservatism at the expense of secularism. In fact, this rise in religiosity can be an extension of that which occurred in the 1980s and resulted from the failures not only of Algeria's secular nationalists but also other secular regimes in the Middle East. After all, advances by Islamists in the Algerian provincial and parliamentary election in 1990 and 1991 were precipitated by the retreat of secular regimes—as happened in Egypt, Syria, Tunisia, and others.

Together with the languid political atmosphere and sluggish economic growth, this reversion to a traditional religious social atmosphere makes Algeria a possible candidate for an unwelcome clash between secularist state organs and wide segments of society. There indeed might be grounds for comparison between Algeria and Turkey since the latter is undergoing a wrenching trial between its secularist tradition and the rise and continued dominance of its Islamist Justice and Development Party. But the comparison will find itself lacking because of the degree to which Turkish political and social institutionalization has helped Turkey's elite transition into a moderate religious environment.

Algeria's recent history is likely to force itself on the inevitable confrontation between those who perpetrated the carnage of the civil war, especially the hardliners in the armed forces, and the Islamists. It is not possible at this stage to gauge how things may develop, but the institutional feebleness of the presidency and

the murky decision-making process will most assuredly weaken the ability of the country's political elites to manage the coming crisis. In a country of 40 million lacking in important arbitration mechanisms and institutions, and where the old legitimating revolution against colonialism has receded into memory, time may not be on the side of those who will look for compromise and half-way solutions.

The Regional and International Context

While Algeria has so far weathered the worst of the terrorist threat facing northwest Africa, it nonetheless should not consider itself to be totally immune against it. A number of terrorist organizations are present and operate in the country, such as Al-Qaeda in the Islamic Maghreb (AQIM), the Movement for Unity and Jihad in West Africa (which is based in neighboring Mali), al-Murabitoun, and Jund al-Khilafa. The Islamic State of Iraq and the Levant (ISIL) has recently arrived in the country and it is competing with AQIM for recruits. All organizations have a general view toward establishing an Islamic state. The first six months of 2017 have seen military operations in which 63 terrorists were killed, 22 were injured, and large caches of weapons were recovered. While Algeria's armed forces have thus far dealt effectively with these organizations, the country will remain exposed to their threat and operations in neighboring Tunisia, Libya, Mali, and Niger, making the task of fighting the scourge a regional concern.

Another concern for Algeria's foreign policy are relations with neighboring Morocco. The two

countries have considered each other rivals since independence. But what has soured relations since the 1970s is the dispute over the Western Sahara, a former Spanish colony on the Atlantic Ocean. Morocco controls around 80 percent of the territory while Algeria supports the Polisario Front that is fighting for independence.

Algeria's role in northwest Africa remains essential for the security of Europe. It is a major staging ground for African migrants to Europe, and the European Union is seeking a deal that would limit the number of migrants eventually making the journey across the Mediterranean. In fact, there is fear among conservative Europeans that if and when President Bouteflika dies, Algeria is likely to be taken over by its strong Islamist current, which will cause a major refugee exodus (10 to 15 million) into Europe, specifically France. On the other hand, there are those in Europe who see Algeria as a very important partner for Europe in the fields of energy and agriculture.

As for relations with the United States, over the last few years Algeria has performed a very important security role, especially against terrorist organizations in northwest Africa. Its ability to fund a large military plays a significant role in this regard. Algeria's annual military budget has steadied since 2013 at over \$10 billion. While its military posture and arms acquisitions point to its concern about regional dynamics, they also give the impression that Algeria can be a reliable partner in the fight against extremism in its region.

Needed Changes to Assure a Peaceful Future

Algeria cannot be allowed to fail. Neither can the region, Europe, and the United States assume that it is possible for the country to continue in its feeble state. As the largest country in Africa by geographical area and one of its most populous, Algeria needs to address specific issue areas that not only prevent its collapse but assure its success in the future. This also involves the United States and important nations in Europe.

First, Algeria requires a domestic and international effort to assist the renewal of its institutional life. Whether it is the presidency, which is the pivotal actor in the political system, parliament, political parties and organizations, or civil society associations, a shift is necessary to ensure the longevity of institutions and their effective governance. Indeed, the presidency

has become a metaphor for a stymied political process riven by corruption. A change from a presidential system may be the right choice.

Second, it is important that mechanisms for conflict management and resolution be created, formalized, and strengthened to deal with the potential clash becoming inevitable between the old forces of secularism and the newer orientation toward religiosity in the country. Dialogues to this effect are necessary because of the precariousness of the presidency and the president's health condition.

Third, the country must increase its readiness to fight extremist forces that target it from within and without. What is also as important is a recognition of the preservation of civil rights and the allowance for a rigorous freedom of the press and expression.