

# Algeria: Stability against All Odds?

Algeria's stability is being tested by persistently low oil prices and a lack of genuine democratic transition in the country. Yet, the regime displays remarkable resilience in the face of challenges.

By Lisa Watanabe

Algeria is an important strategic partner for Europe. It is the EU's third largest gas supplier, one of the three principal oil producers in Africa and is thought to have the third largest shale gas reserves in the world. Beyond the importance of its energy resources, Algeria is playing an increasingly prominent role in promoting security in its near abroad: it backed the political consensus between Islamist and non-Islamist parties in Tunisia during the latter's 2013 political crisis, it had a lead role in the settlement of the conflict in Mali in 2015, and it is currently active in trying to mediate a negotiated solution to the Libyan crisis. Algeria is also an important partner for the EU in the counterterrorism field as demonstrated by the creation of a bilateral consultation mechanism on combating terrorism in 2017.

In a region beset by turmoil, Algeria has appeared to be a bedrock of stability. Having learnt from its earlier experience with unrest in October 1988, it was able to buck the trend sweeping across the region in 2011, largely through the use of hydrocarbon rents and the initiation of limited political reforms. The latter have, however, yet to bear fruit and the upcoming legislative elections in May 2017 are expected to do little to alter the country's seemingly unchanging political landscape. Even Presi-



Protesters are reflected on the shields of riot policemen during a demonstration in Algiers in February 2011. Algerian police were determined to stamp out any attempt to stage an Egypt-style revolt.

dent Abdelaziz Bouteflika's succession is unlikely to generate instability or significant change. Yet, it is precisely this political inertia, combined with reduced oil revenues that will place pressure on the regime in the coming years, though nothing of the scale of the 1986 oil price shock that sparked the popular uprising in 1988, which led to civil war during the 1990s.

## From Liberation to Civil War

In 1962, Algeria won its independence from France, bringing to an end an eight-year war of national liberation. In the fledgling republic, devastated by war and the destruction caused by settlers returning to France, a single-party presidential regime was established. The *Front de libération nationale* (FLN), the principal nation-

## Chronology

**1962** Algerians, led by the FLN, gain independence from France.

**Mid-1986** Oil prices begin to collapse.

**October 1988** Riots against poverty and social injustice; 500 killed; thousands wounded.

**1989** Attempts to quell unrest: one-party rule ended; legalization of political parties; FIS founded.

**June 1990** Municipal elections: FIS wins 54%; FLN garners 28%.

**December 1991** First round of free legislative elections held: FIS wins landslide victory (188 out of 232 contested seats).

**January – March 1992** Second round of legislative elections cancelled; Army forces suspension of political institutions and creates HCE; HCE declares state of emergency and bans the FIS.

**November 1995** Institutional process resumes with presidential elections; General Liamine Zeroual elected.

**June 1997** Legislative elections: RND wins majority of seats, followed by FLN.

**September 1997** AIS declares ceasefire with government forces.

**April 1999** Presidential elections; Bouteflika wins unopposed.

**May 2002** Legislative elections: FLN wins outright majority; RND comes in second.

**February – April 2003** 32 European tourists, including 4 Swiss nationals, taken hostage by GSPC in southeastern Algeria.

**April 2004** Bouteflika wins a second term.

**January 2007** GSPC changes its name in to Al-Qaeda au Maghreb Islamique.

**May 2007** Legislative elections: FLN wins majority of seats, followed by RND.

**November 2008** Constitution amended to allow for more than two successive presidential terms.

**April 2009** Bouteflika elected to a third term.

**January – February 2011** protests over price of staples. Political movement emerges calling for end of the state of emergency and limited political reforms.

**2011** Government contains unrest: public spending raised; political reforms promised.

**April 2014** Bouteflika elected to a fourth term.

**February 2016** Constitutional amendments introduced: two-term limit on successive presidential terms; prime minister to be nominated from parliamentary majority; freedom of expression and association guaranteed; independent electoral commission created.

alist movement during the war, became the sole party. Its armed wing, the *Armée de libération nationale* (ALN), in turn, mutated into a regular army, though its role in liberating the country meant that it never entirely ceded authority to politicians.

During the first two decades after independence, state-led socialism was pursued. One-party rule in Algeria was thus not only based on the revolutionary credentials of the FLN, but also on its image as a party committed to egalitarianism. By the 1970s, oil had become the mainstay of the regime and the principal means by which it was able to satisfy the socio-economic needs of most sections of society through the provision of subsidies and public sector employment.

However, low oil prices in the late 1980s diminished the government's fiscal largesse. Drastic cuts were made in public spending, especially in the areas of health, education and housing. Subsidy cuts, in conjunction with inflation and curbs on imports, especially affected the lower and middle classes, damaging the FLN's credibility as a party representing all Algerians.

In October 1988, people took to the streets to protest against economic hardships and the authorities' seeming indifference to them. Demonstrations that were initially about socio-economic issues rapidly turned into calls for more radical reforms. Islamist militants, who had been gaining in prominence in the country against the backdrop of the 1979 Iranian Revolution and the defeat of the Soviets in Afghanistan, became a key mobilizing force. They were able to speak to the people's frustration and to turn what had started as street protests led by youth and labour unions into a full-blown campaign against the FLN-ruled state.

In two weeks of clashes between protestors and security forces, over 500 demonstrators were killed and thousands wounded. In order to salvage the regime and to dilute support for Islamists by bringing them into the electoral framework, one-party rule was ended and a multiparty system initiated. Some 60 new parties were created, amongst which the *Front Islamique du Salut* (FIS) was one, formed in 1989 as an umbrella party for Islamist factions. In municipal elections in June 1990, the FIS won 54% of the seats, whereas the FLN garnered a mere 28%. Then, in the first round of legislative elections in December 1991, the FIS won 188 out of the 230 contested seats.

Alarmed by the prospect of an Islamist victory in the second round, the army effectively staged a coup under the pretext of preventing an Islamic revolution from occurring in Algeria. In January 1992, under pressure from the military, all political institutions were suspended and a state of emergency was declared. A *Haut Comité d'Etat* (HCE) was formed to govern the country, which subsequently voided the results of the first round of legislative elections and banned the FIS.

The interruption of the institutional process and the crackdown on Islamists, plunged the country into a civil war between the government and armed Islamist guerilla groups, principal among them the FIS' armed wing, the *Armée Islamique du salut* (AIS). Violence only began to wane in 1997 as security forces gained the upper hand and a ceasefire with the AIS was reached. Yet, the war would only officially end in 2000, when the AIS laid down its arms, following the granting of amnesty in 1999 to Islamist militants, who had not committed a number of heinous offenses.

## Again No Spring for Algeria

Although the end of the civil war restored relative stability to Algeria, the 2010/11 Arab uprisings raised again the specter of turmoil. The same conditions that fed popular grievances in neighboring countries existed in Algeria. While political institutions and a multiparty system had been reinstated from the mid-1990s through regular presidential, national and municipal elections, many people had lost faith in the electoral process as a mechanism for change. No credible opposition to the FLN and its ally, the *Rassemblement national démocratique* (RND), seemed to exist. Even the moderate Islamist opposition had been coopted. Restrictions on the media and the freedom of assembly also persisted even though the civil war had ended, corruption and nepotism were rife, economic conditions were deteriorating, housing was in short supply and youth unemployment was high.

In fact, protests did occur in Algeria in January 2011, triggered by the soaring prices of staples, such as cooking oil and sugar. Yet, these had more to do with socio-economic grievances than calls for political change. Nevertheless, a political movement did subsequently emerge – the National Coordination for Change and Democracy (CNCD) –, comprised of some opposition parties, civil society organizations and independent trade unions. The CNCD had 3

key demands: the end of the state of emergency that was imposed in 1992 and still in place, the lifting of restrictions on the media and political participation and the release of those arrested in the January protests.

In contrast to 1988, the government could respond to socio-economic grievances, due to high oil prices in the 2000s. Increases in public spending targeted specific groups, such as the poor, the large swath of public sector workers and retirees. High levels of youth unemployment and the potential of youth to protest meant that young people also received special attention. In order to facilitate young entrepreneurs, the government introduced preferential loans, tax exceptions and elimination of debt for young people.

The impact of almost a decade of civil war on civil society and the national psyche also worked against broad-based mobilization. The authorities' shrewd granting of political concessions also helped to contain unrest – the 19-year old state of emergency was finally lifted and consultations on political reforms were begun. The latter culminated in constitutional amendments in February 2016, which, inter alia, limited the number of successive presidential terms to two, specified that the prime minister

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should be nominated from the majority party in parliament, guaranteed freedom of expression and association, and established an independent electoral commission to ensure fair and free elections.

### Après Bouteflika, c'est le déluge?

Whether the 2016 reforms will encourage participation in elections and the broader political sphere or, indeed, lead to any genuine strengthening of parliament and the office of the prime minister has yet to be seen. They should, however, help to prevent one individual from monopolizing the office of the presidency for extensive periods of time, as Bouteflika has done since he was elected in 1999, now that successive presidential terms are now limited to two.

In principle, Bouteflika could seek a fifth and final term in 2019, although his failing health makes this improbable. His departure is unlikely to generate radical change

## Relations between Switzerland and Algeria

Switzerland's relationship with Algeria is intimately related to Algeria's struggle for independence and the critical role that Switzerland played in facilitating talks between the provisional government of the Algerian Republic and the French colonial authorities, which led to the signing of the **Evian Accords** on Algeria's independence in March 1962. Relations today are good, with regular political dialogue taking place between the two countries since the signing of a memorandum of cooperation in 2004. Political dialogue has also been complemented by **exchanges on migration** since 2012. Algeria is also Switzerland's tenth largest African trading partner (as at 2016), with Switzerland traditionally exporting a range of goods, including pharmaceuticals, machines and agricultural products. Switzerland also recognizes the important role played by Algeria in the field of counterterrorism and in the peaceful resolution of conflicts in the latter's near abroad. Switzerland's **North Africa Programme**, established in 2011 to support the transitions in North Africa following the 2010/11 uprisings, has up to now focused on Egypt, Libya, Morocco and Tunisia, although projects in Algeria were always considered a possibility. Algeria could now be included. Pilot projects in the area of human security are currently being examined.

or the instability that many observers predict. Succession, whether it happens in 2019 or before, will occur on the basis of a consensus between key figures linked to the two main constellations of power in the system at present – the presidency and the General Staff of the army. These core elite have an interest in maintaining stability. Bouteflika's successor will, therefore, most likely be someone from his inner circle, who has the support of the General Staff.

The influence of the General Staff in an apparently political issue is indicative of another obstacle to democratic transition in Algeria – the incomplete civilianization of authority. The suspension of political institutions in the early 1990s and the election of a retired general, Liamine Zeroual, in the first presidential elections following the

1992 coup meant that the military's role in the shaping the political landscape was predominant when Bouteflika took office. Though Bouteflika's his candidacy had the backing of the military, he has a civilian background and has done much to strengthen the presidency in relation to the army and, in particular, its ubiquitous *Direction du Renseignement et de la Sécurité* (DRS) – the military intelligence service that had become all-powerful.

Since the mid-2000s, Bouteflika has placed people loyal to him in key positions of the General Staff, notably the Chief of Staff, General Gaïd Salah, who plays a critical role in ensuring the loyalty of the army to the presidency. The President has also recently dissolved the DRS, which has been replaced with a new agency, the *Département de Surveillance et de Sécurité* (DSS). The latter is now to report directly to the Presidency. To be sure, these measures have

increased the margin of maneuver of the presidency in relation to the military. Yet, the military continues to see itself as the guarantor of stability and unity in the country and it still plays a discrete role in political decision-making.

### Oil Price Pressure

A factor that is likely to be more significant for Algeria's near to medium term future than Bouteflika's succession is the low price of oil, which has more than halved over the last few years. With approximately 49% of government revenues depending on the oil sector (as of 2015), the government has been obliged to adopt austerity measures in the 2017 budget. As a result, the cost of living for the lower and middle classes has increased. Critically, however, no measures that would radically reduce core subsidies, such as free housing, education or health-care, have been taken so far. Indeed, the government would be reluctant to do so, given what occurred in the late 1980s.

According to estimates, the government can continue fund to core subsidies for an estimated four more years – so, to the end of Bouteflika's current mandate in 2019 and beyond – by using foreign reserves. Algeria also has low foreign debt, which means that borrowing to fund expenditure is also a possibility. While the government would likely avoid borrowing from the IMF, whose reputation is tainted from the years of austerity in the late 1990s, it may borrow from the African Development Bank, which it has, indeed, already done in 2016.

Beyond these stop gap measures, there is still the hope that oil prices will rise again to comfortable levels or that shale gas will provide a solution to the country's dwindling foreign reserves. However, oil prices



are predicted to remain low for some time and lack of investment in hydrocarbon infrastructure will make it difficult to increase exports. Exploitation of shale gas would similarly require significant investment in infrastructure and technology to become a key revenue source. If the latter fails to transpire quickly enough, there is a danger that protests over socio-economic questions, which already take place on a low and containable level, may intensify and become more difficult to manage.

Micro protests have undeniably become more commonplace as a result of the lack of credible institutionalized mechanisms through which the people can be heard. Failure to radically alter the governance model and to develop into a deliberative democracy could, therefore, exacerbate the challenges created by lower hydrocarbon revenues. Yet, protests have so far either been localized at the quartier level or sector-specific. The government has thus been able to respond to demands, which are often linked to salaries, housing, etc. Moreover, as long as the memory of the civil war remains potent, it is unlikely that Algerians would be ready to push for a fundamental reform of the system.

### Internationalized Jihadism

The civil war has left its mark in another sense. While Algeria has regained stability and radical Islam no longer poses a threat to regime survival, the country still suffers from a jihadi threat. The 1999 amnesty, which was followed by additional round of amnesty in 2005, saw many Islamist guerrillas lay down their arms. This was especially the case for those with distinctly national

objectives, such as the AIS, which essentially sought to bring the FIS back to the political arena.

However, many of those with an internationalized jihadi mindset remained at large, notably members of the *Groupe Salafiste pour la Prédication et le Combat* (GSPC), which merged with Al-Qaeda in 2006, becoming *Al-Qaeda au Maghreb Islamique* (AQMI) the following year. While AQMI has two main branches – one in Kabilia in the northeast and one in the Sahara – the Sahara branch has been particularly successful, prompting its leader to form a splinter group, *Al-Mourabitoun*, in 2013.

Al-Mourabitoun announced its arrival with the January 2013 seizure of the Tiggantourine gas facility near In Amenas, close to the Libyan border, in which 800 workers were taken hostage. The assailants are reported to have entered the country from Libya, where they may have received logistical help. In return for the safety of the hostages, the perpetrators demanded an end to French military intervention in Mali. The incident highlighted the threat posed to Algerian domestic security by weakened states on the country's borders, which include not only Mali and Libya, but also Tunisia, where some AQMI fighters have taken refuge.

The successes of so-called Islamic State (IS) in the Middle East have also prompted the emergence of a number of small IS-affiliated groups in Algeria, most of which have not carried out attacks thus far. Perceived competition with IS has, nevertheless, caused AQMI to re-merge with Al-

Mourabitoun and to step up attacks in Algeria. While the level of violence remains minor compared to the 1990s, the presence of AQMI and IS in the country does nothing to improve Algeria's image as a high risk investment environment. It also discourages any change in the status quo, particularly civil-military relations, especially since Algeria a key counterterrorism partner of both Europe and the US.

### Looking Ahead

The Algerian regime does seem to have the ability to resist multiple pressures, at least in the short to medium term, despite speculation about impending instability. While the slow pace of the democratic transition is likely to exacerbate the challenges generated by sustained low oil prices, change, albeit modest, is likely to occur more readily in the economic sphere. The need for greater investment in the hydrocarbon sector to both boost exports and exploit shale gas is liable to lead to a softening of economic nationalism. Further steps to diversify the economy may also be expected. However, such measures may not be enough to ensure the longer term stability of a country whose hydrocarbon resources and growing role in promoting regional security are important for Europe.

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