How can we make sense of Algeria’s post-colonial experience – the tragedy of unfulfilled expectations, the descent into violence, the resurgence of the state? *Oil Wealth and the Poverty of Politics* explains why Algeria’s domestic political economy unraveled from the mid-1980s, and how the regime eventually managed to regain power and hegemony. Miriam R. Lowi argues the importance of leadership decisions for political outcomes, and extends the argument to explain the variation in stability in oil-exporting states following economic shocks. Comparing Algeria with Iran, Iraq, Indonesia, and Saudi Arabia, she asks why some states break down and undergo regime change, while others remain stable, or manage to re-stabilize after a period of instability. In contrast with exclusively structuralist accounts of the rentier state, this book demonstrates that political stability is a function of the way in which structure and agency combine.

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A list of books in the series can be found after the index.
Oil Wealth and the Poverty of Politics

*Algeria Compared*

Miriam R. Lowi
For Jazia and Ismael, with love
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Preface

As this book goes to press, the news from Algeria and developments in the international oil market are especially noteworthy given the arguments I make about the challenge of stability following economic shocks. Throughout the work, I underscore the importance of agency for political outcomes, and I explore the ways in which agency and structure interact. To make sense of the Algerian experience, as well as that of other oil-exporting states, I affirm the need to recognize the autonomy of individual agents in politics. How then do recent events validate this position?

On the one hand, Abdelaziz Bouteflika, currently serving the end of his second term as president, has announced pending changes to the country’s constitution. Having hinted, for some time, at wanting to abrogate the two-term limit of the presidency, Bouteflika is paving the way for his third term in office. What explains Bouteflika’s bold decision and what does it suggest about the Algerian political economy? On the other hand, the price of oil, that had surged over the course of the past year to a record $140 per barrel in July (2008), has been falling rapidly, reaching less than $50 in recent weeks. What effect will this combination of forces have on political outcomes? Given these developments, in Algeria and in the international economy, what can we expect for the Algerian people in the months ahead?

To be sure, Bouteflika would not have been able to implement change of such consequence without the approval of the powerful military and heads of intelligence services – those often referred to as the real décideurs in the country. The president’s relationship with the military is indeed striking. It was the military, in fact, who brought Boumediene’s close collaborator back from obscurity in 1999, and put him into power. In recent years, however, Bouteflika has cleverly managed to enhance his powers relative to theirs, and has gently shepherded them back toward the barracks. A brilliant strategy, combined with favorable international structural forces, assisted him in his efforts. In 2005, into his second term, Bouteflika extended a second amnesty to those engaged in the insurgency that had
plagued the country since 1992. He included in the amnesty provisions the total exoneration of the military and security forces for their activities during the civil war years. By guaranteeing to the military that their own involvement in the perpetration of violence would not come to light, Bouteflika was assured their backing in his quest for a third term. (How interesting, though, that it was a military general, Liamine Zeroual, who, in his capacity as president [1994–9], decided in 1996 to limit the presidency to two terms, while a civilian president would choose to overturn that ruling twelve years later!)

Who would have thought that even the military – that most powerful institution – could be manipulated and coopted? Furthermore, if indeed the military is part and parcel of the regime, while manipulation and cooptation have been essential tools for regime maintenance, what does it mean about the nature of power and authority when those at the very heart of the power structure are themselves manipulated and coopted? These questions remain to be answered, but I would suggest that developments in the international political economy – and in the hydrocarbon sector, in particular – offer important hints at an explanation.

To be sure, the tables have turned for Bouteflika and for Algeria – but alas, not for the general population. Record hydrocarbon revenues, beginning with the steady increase in the price of the barrel of oil as of 2000 and continuing until the fall of 2008, have filled the coffers of the state. The regime has accumulated more than $100 billion of foreign currency reserves for a population of 34 million. Moreover, its foreign debt is currently only 4 percent of GDP, as opposed to 86 percent in 1988 and just under 50 percent in 1994. How transformed the country’s financial situation is today from twenty years ago – the last time that serious political reform was contemplated!

The extended period of high oil prices, coinciding with Bouteflika’s tenure, was a great boon to the presidency. Not only did it give the president the wherewithal to step up the fight against what remained of the insurgency, but it also provided him with vast resources with which to drown out demands for reform. Indeed, he has managed in recent years to virtually eliminate any organized opposition of note. Moreover, among the other planned changes to the constitution, introduced by Bouteflika, are provisions to reduce the authority of the prime minister so as to make the political system more overtly presidential. Alas, even the meager parliamentary scrutiny that currently exists will be reduced further, as will government accountability. Stability has certainly returned to Algeria, when compared with the 1990s; however, the political landscape is being leveled out and the (civilian) president is enjoying a freer hand than ever before.
It is interesting to note that Bouteflika has recently back-pedaled in the economic domain as well. Recall that he came to power at a time when the country was slowly emerging from an extended period of negative or low growth rates and virtually all non-hydrocarbon economic sectors were moribund. In response, the president pushed for the diversification of the oil-driven economy and, with the support of key ministers with World Bank credentials, he oversaw the privatization of several state companies. However, during the last two years of remarkably high oil prices, he has slowed down the economic reform process and halted or reversed many policies that smacked of liberalization. For one, the regime’s impressive earnings have provided little incentive to accelerate what was, in any case, a sluggish diversification program. As for privatization, the hydrocarbon giants, SONATRACH and SONELGAZ, have been excluded from the process due to their strategic value, while plans to sell off Air Algérie, for example, have stalled. Moreover, key elements of the 2005 hydrocarbons law, which introduced one of the most liberal oil and gas licensing regimes in the Middle East, were overturned in 2006. And liberalization measures that would constrain the lucrative economic activities and assets of prominent members of the military – Bouteflika’s supporters – have been deferred as well. Have features of the Boumedienniste system of the mid-1970s come back to roost? *Plus ça change, plus c’est la même chose.*

In Algeria in recent months, as in previous boom periods, the leadership has rebuffed much-needed reforms in the political and economic domains. At the same time, it has distributed rents in ways that fragment social formations and neutralize (potential) threats to its hegemony. Clientelist practices of cooptation and manipulation – even of the seemingly all-powerful yet deeply divided military – figure prominently in regime strategies. As in the past, these strategies are consistently being refined and reinvigorated. And insofar as the general population is concerned, the extension of political incorporation and participation has once again been set aside.

This state of affairs is bound to continue for some time. To wit, Chakib Khalil, Algeria’s Minister of Energy and Mines and current chairman of OPEC, has suggested that the Algerian economy is not likely to be negatively affected in the short term by the most recent slumping oil prices and global recession (reported by *El Khabar* newspaper, 7 October 2008). In the medium term, however, the impact will indeed be negative. It may well be that the resurgence of relative scarcity and rising frustrations in an impoverished political environment will encourage, as in the past, the (re-)mobilization of (previously marginalized or silenced) social forces.

In the absence of political will and astute leadership decisions – alas, the scarcest of resources – in the face of the latest structural challenges,
Algeria could plunge back into turmoil. The prospects are chilling. However, as I argue in the pages that follow, leaders can maintain stability at moments of economic constraint and in the absence of economic resources. They can do so precisely by extending political resources and investing in the creation of participatory political structures. In that way, they make possible the assemblage of the productive capacities in society and the circulation of creative solutions to the problems at hand. The challenge, in the first instance, is for leaders to seize.

This book has been a long time in the making. In some ways, it began when I was in high school. On a long weekend visit with my older brother in Boston, Henry insisted that we see the film The Battle of Algiers. The Pontecorvo classic—and Henry’s mentoring—were among the most important early influences on my political development. Moreover, it was from that time that I became intrigued by Algeria and the FLN—a movement that inspired other nationalist movements, even ones as far afield as my own home of Québec in the 1960s.

As I went on to study the political economy of commodities and natural resources, first at the undergraduate level and then as a doctoral student in Middle East politics, I followed Algeria’s post-colonial experience from a distance. Although I was far more engaged, as a young adult, with the unfolding of the Israeli–Arab relationship and the plight of the Palestinian people, I cheered the Algerians’ success at forcing out the French and I hailed the newly independent state’s socialist development path. (When I gave up cheerleading for exploring, I quickly became far more circumspect about glorifying the Algerian state and the path it had taken.)

Indeed, Algeria was never far from my sights. My personal life eventually took me to North Africa, where I would live for five years and then return to for several months every year from the early 1990s. Little did I know in the initial years of my North African life that my next terrain was just next door. Toward the end of the 1990s, my former teacher and dear friend, Richard Falk, suggested in passing that I write an article investigating the likelihood that water would be to the twenty-first century what oil had been to the twentieth. While I knew very little about oil, my curiosity was sufficiently piqued to do some preliminary investigating. Within no time, my research interests shifted from inter-state conflicts over access to scarce water, to the effects of oil on domestic politics; and my original fascination with Algeria evolved into both a research agenda and a passion. I am most grateful to my brother, Henry Lowi, for telling me about Algeria in the first place, to my husband, Abdellah Hammoudi, for taking me to Morocco next door, and to Richard Falk, for gently pushing me to “broaden my resource base.”
Over the years that I have been engaged in this research, the book project has been through several iterations. It began as an application of the rentier state framework to the case of Algeria. However, as the statecraft variable emerged at the center of the argument that I was crafting, I was urged by friends and colleagues to undertake a multi-case comparative study. The choice of comparators changed, it seems, every time I discussed the project with someone else. At times the task seemed unwieldy and overwhelming as I struggled to become an expert in the trajectories of four, five, or even six different countries across the developing world, and make a contribution to our understanding of their relative successes and failures. Eventually, I acknowledged that my comparative advantage was in Algeria’s experience. I chose to keep Algeria at the very center of my study, and enrich the arguments I was making by suggesting comparisons with four other cases within the Muslim world. I benefitted in the early stages of my research from helpful conversations with Lisa Anderson, Michael Doyle, Atul Kohli, Roger Owen, Michael Ross, John Waterbury, and the late Rémy Leveau. Furthermore, several people read and reacted to project proposals at different stages of elaboration. Among them were Jeff Goodwin, Richard Snyder, and Nicolas van de Walle – whom I had not even met – in addition to John Entelis, Bill Quandt, Mark Tessler, Dirk Vandewalle, and Bob Vitalis. Richard Auty, Elisabeth Picard, and Lucette Valensi offered valuable comments on articles in which I either outlined what would later be the book’s research design, or analyzed one aspect of the Algerian experience. Especially generous was Jack Goldstone, who not only has offered lots of constructive suggestions over the years, but always graciously accepted to write far too many letters of recommendation for fellowships and grant applications for this project. I am most grateful to all these people for their support at crucial stages of my work.

As I prepared myself to do fieldwork in Algeria, I met and discussed my research with numerous Algerians living outside the country. I was most fortunate to have enjoyed the trust of three people in particular who have been key players in their country’s history: Mohamad Harbi, Hocine Aït-Ahmed, and Kamal Abdallah-Khodja were enormously generous to me; each spent many hours on several occasions, sharing their knowledge and experience. I am truly indebted to them, and I do hope that the analysis presented in this book resonates positively with them. Kamal Abdallah-Khodja and his lovely wife, Claudie, welcomed me into their home and their life. Apart from their warmth and hospitality, they never tired of my constant questions about Algeria during the Boumediene years.

Also very instructive were the conversations I had with, among others, Nordine Aït-Laoussine, Reda Belkhodja, Sadek Boussena, Hélène Cuénat, Sid-Ahmed Ghozali, Smaïl Goumeziène, Ali Haroun, Ghazi Hidouci,
Ali El-Kenz, Ahmed Moussaoui, André Prenant, Rachid Sekak, and Mohamad Sahnoun. Ali El-Kenz, Josée Garçon, Agnès Levallois, and Raymond Ben-Haïm put me in contact with key figures, and Idriss Jazairy, then Algerian Ambassador in Washington, DC, facilitated my research trips to Algeria.

In Algeria, numerous people extended themselves to me. Those I interviewed were most helpful: whether they were or had been in government, were part of the official or ‘unofficial’ opposition, were scholars, attorneys, journalists, industrialists, technocrats, or military personalities, many met with me several times. Everyone was attentive to my security, especially during my first two research trips – in spring 2001 and winter 2002 – when violent confrontations just outside Algiers were regular occurrences. As many people requested that I protect their identities, I will not name my interlocutors. They know who they are, and I hereby thank them wholeheartedly for sharing with me and helping me understand. Three individuals deserve special mention, and have given me permission to name them. Daho Djerbal was in no small measure responsible for the success of my research in Algeria. In advance of my first visit, he organized meetings and guest lectures for me. When I arrived in Algiers in spring 2001, he took me around, introduced me to many people, and answered an endless stream of questions. He made sure, at all times, that I was safe and at ease. I am most grateful to him for all that he did for me. Farid Chaoui, a physician who had been in Mouloud Hamrouche’s government, put me in touch with key personalities and discussed my research with me at length. Moreover, he and his wife, Anisa, welcomed me into their home. Hocine Zahouane always made himself available when I was in Algiers. He not only shared with me his long experience with and keen understanding of the vagaries of Algerian politics, but also encouraged me to try out my arguments on him and happily engaged in heated debate.

In the final stages of writing, several people most graciously read all or parts of the book and offered essential feedback. I wish to thank Eva Bellin, Chris Boucek, Mark Gasiorowski, Ellis Goldberg, Steffen Hertog, Tim Mitchell, Tom Naylor, Michael Ross, Ben Smith, and Charles Tripp. Bill Liddle, Indonesia scholar and master comparativist, was enormously helpful to me. Not only did he read meticulously and check everything I wrote about Indonesia, but he also discussed the leadership variable with me at great length and introduced me to important literature. He encouraged me not to shy away from the variable just because it was difficult to operationalize. I am most grateful to him – and to Ben Smith who had suggested I contact Bill in the first place. (I have yet another debt of gratitude to Ben: when he told me, at our first exchange, that a presentation I had made about my Algeria research four years earlier had provided some of the
foundation for the argument he was making in his own book manuscript, I was jarred into realizing that I had to get moving on my project and circulate my ideas more effectively.) Isabelle Werenfels, whom I met in Algiers on my first visit and quickly became a dear friend and close collaborator, has read just about every word I have written about Algeria. I consider myself most fortunate to share with her friendship, scholarship, and a fascination for the same place – indeed, a rarity in the world of academia. Last but not least, an anonymous reader for Cambridge University Press pushed me on certain analytical issues, forcing me to clarify my thinking and work toward greater precision. I know that his/her suggestions for revision have contributed to making this a better book. Thank you, whoever you are! Needless to say, as helpful as all these people have been, the work, and all the errors therein, are my very own. I accept complete responsibility for them.

In the course of working on this research, I was very fortunate to have been invited to join two multi-case collaborative projects: the Yale University/World Bank project, entitled “The Economics of Civil Wars, Crime, and Violence” (2000–2) and the UCLA project, “Rebuilding War-Torn Economies in the Middle East” (2003–5). While I had feared initially that they would distract me from my book project, my participation in these collaborations – both of which culminated in noteworthy edited volumes (Collier and Sambanis 2005; Binder 2007) – allowed me to deepen my knowledge of Algeria by giving me the occasion to explore other domains of its experience. Moreover, the interaction with other scholars working on the same themes in different settings was invaluable for broadening my comparative perspective. I wish to thank Paul Collier and Nicolas Sambanis, and Lenny Binder for including me in their projects, and the other participants for sharing with me these enriching experiences.

At different stages of my research and writing, I was invited to present my work to various colloquia, speakers’ series, and research institutes. The opportunity to share my research and get feedback from diverse audiences has been most helpful for clarifying my ideas and sharpening the arguments I was trying to make. Among the various institutions I wish to thank are: the (former) Center of International Studies (CIS), the Department of Near Eastern Studies and the Transregional Institute at Princeton University, the Browne Center for International Politics at the University of Pennsylvania, the Woodrow Wilson Center in Washington, DC, the Middle East Institute of the School for International and Public Affairs at Columbia University, the Centre de Recherche en Anthropologie Sociale et Culturelle in Oran (Algeria), the Ecole Nationale de l’Administration in Algiers (Algeria), the Politics Forum at The College of New Jersey (TCNJ), the Association of Geography Graduate Students at Rutgers University,
the summer institute of the University of the Middle East in Toledo, Spain, and the School of Forestry at Yale University.

Over the course of the years that I have been working on this project, several institutions have supported my research through grants, fellowships, and affiliations. A very generous grant from the United States Institute of Peace (USIP), Unsolicited Grants Program allowed me to conduct interviews in Europe and in Algeria in 2001, and supported a leave from my teaching position at The College of New Jersey. I am most grateful to the USIP and Steve Riskin, the Senior Program Officer, for having provided critical assistance early on in the project. The second research trip was funded by the Yale University/World Bank project, noted above, and supplemented by a mini-grant from The College of New Jersey. To Nick Sambanis and Paul Collier, as well as to Susan Albertine, former Dean of the School of Culture and Society at TCNJ, I extend my gratitude. I was able to squeeze in a third set of interviews in Algeria, in conjunction with my (completely unexpected but most appreciated) invitation from the Algerian government to attend the International Symposium on Terrorism and the Algerian Precedent, in Algiers in October 2002.

Princeton University provided a scholarly home away from home for me as I worked on this project. I was a Visiting Fellow at the (former) Center of International Studies in 2000–1, when my ideas were in their early gestation period. Michael Doyle, then Director of the CIS, was forthcoming with feedback and opportunities to present my work. I was invited back to Princeton University in spring 2007 and then again in 2007–8 as Visiting Research Scholar, first at the Transregional Institute (TRI) and then at the Environmental Institute (PEI), within the multi-year program on Oil in the Middle East. It was at the TRI that I finished the first draft of the book manuscript; the final revisions were completed the following year, at PEI. I am most grateful to Greg Bell, Michael Cook, Bernard Haykel, and Rob Socolow for hosting me and providing generous research assistance.

My home institution, The College of New Jersey, has supported me in innumerable ways. In addition to two sabbaticals, I was accorded ‘leave’ from the college when in the course of working on this book, I received an external grant and then a fellowship to pursue the research. Moreover, I have been awarded a reduced teaching load on a yearly basis, and mini-grants have routinely assisted me in the conduct of my research. I am most grateful to the college-wide Committee for the Support of Scholarly Activity (SOSA), Angela Sgroi and the Office for Grants and Sponsored Research, and (former Dean) Susan Albertine of the School of Culture and Society for finding value in my work and providing critical support. My colleagues in the Department of Political Science have been collegial.
and encouraging, and our chair, Bill Ball, has been supportive at all times. Catherine Allen has provided all sorts of logistical help with this project and with my responsibilities at TCNJ more generally, and always with good cheer. Daniel Wilkens, a former student, and Katherine Hespe were my research assistants as I was finishing up the book. Both worked diligently, amiably, and with great care. Over the years, my students at TCNJ have been far more than a captive audience: they have been interested and insightful, and have, unwittingly, pushed me to work even harder and demand more of myself. I am very grateful to them.

Several other people deserve special mention. My writer-friend, Carolyn Slaughter, has been a constant source of support; with her I could always talk about writing and she would offer her thoughts on how to ease the task. My cousin-friend, Suzanne Flom, has cheered me on while providing a superlative model of professionalism, motherhood, and the art of multi-tasking. Marigold Acland, my editor at Cambridge, waited patiently as I finished up. With good sense and always a striking hair color, she has advised me well and as before, produced a handsome volume.

The sudden death of Umm Hassan in the spring of 2006 was a terrible blow. It was with her and partly because of her that I began my long journey in the Arab–Muslim world. Her grace, supreme warmth, gentle determination, and commitment to home inspired me. It was those qualities of hers that I have found, again and again, in the people and culture that I became so drawn to, and eventually, so much a part of. It was largely through Umm Hassan that I found my self in the other, and the other in my self. She included me in her beautiful family and enriched my world. My debt to her is enormous.

My parents, Beno Lowi and Naomi Paltiel Lowi, have been, unknownst to them, deeply implicated in this book in more ways than the obvious one: my father survived Krakow-Plaszow KZ; my mother was one of 9 women with 91 men in her medical school class of 1947. From them I learned a lot about agency. Abdellah Hammoudi has been with me throughout; he has read, discussed, and encouraged endlessly. Jazia and Ismael have helped me most of all: they have filled my life with joy.

Princeton, NJ
November 2008
Map of Algeria