A Different Perspective on Rentierism: Regime Oil Dependency and Political Violence in Algeria

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Abstract

Hydrocarbon and mineral-rich countries have been often considered resistant to political change. This is an effect, it is said, of the great amount of economic resources that accrue directly to the state. In turn, this can buy citizens’ consent by low taxation, partial redistribution of wealth, and high internal security spending. Nevertheless, a few words have been spent on the other side of the coin. Letting aside their structural vulnerability due to prices’ fluctuation on the global market, rentier states also generate the conditions for opponents to challenge them. The aim of this paper is to tackle these theoretical problems in depth through a longitudinal analysis of Algeria. What is the relationship between a regime dependence on hydrocarbon exportation and the violent mobilization of opponent non-state actors? Through a reconstruction of crucial moments in the history of Algeria empirical insights are presented.
INTRODUCTION

In the mid-1970s, Algeria was regarded as one of the most successful stories in economic development among oil exporter countries. Less than twenty years later it was engulfed in a bloody civil war costed around 200.000 lives. What can account for this sad development? Was violence inevitable? This article aims at shedding fresh light through a different theoretical perspective on this long-studied puzzle.

Therefore, this paper enters the academic debate on the relationship between rentierism and political change. More specifically, the aim is to offer qualitative empirical insights on the Algerian case in order to assess the circumstances under which the condition of being a rentier state can lead the way to massive violence. Although hydrocarbon and mineral-rich countries have been often considered stable and resistant to political change, because of the intrinsic features they consolidate, they can actually generate worrisome weaknesses. It is a fact that the great amount of economic resources, directly accrued to the state can guarantee high internal security spending, but also the possibility to ensure citizens’ acquiescence by low taxation, partial redistribution of the national wealth. Nonetheless, on the one hand this causes a structural vulnerability due to prices’ fluctuation on the global market. On the other hand, the social structure over which this system of power is established, is often soaked with profound discriminations as well as with forms of oppression of contrasting political voices.

In these terms, we adopt a Tocquivillian approach. This means that, to us, state configuration not only matters because of the official decisions and activities they support. To us, the way a state is designed allows for certain political cultures and debates to develop, while making the rise of certain political movements and collective behavior more probable than others. Therefore, this paper asks:

What is the relationship between a regime dependence on hydrocarbon exportation and the violent mobilization of opponent non-state actors?

By offering a via media between structure and agency, this paper will look at the Algerian events making these two level of analysis talk to each other. Both structural factors and non-state actors performances will be considered and highlighted.

Therefore, after reviewing the main approaches to regime stability and political violence, the first part of this paper will be concerned with an in dept-reconstruction of the process of stabilization of the regime in the post-independence. Macro-economic data and political considerations will be offered.

The second part of the paper will instead be focused on the peculiar conditions that, in our view, allowed for the generation of non-state violence. In particular, we will account for the violence erupted in the early
90s, not only as the consequence of the state repression in the aftermath of the first multi-party elections. We will rather consider it as being the extreme product of decades of social, economic and identitarian disequilibriums directly generated by rentierism.

**Literature Review**

Starting from Lipset’s (1959) seminal article, particular socio-economic prerequisites have been constantly seen as critical to explain the transition to democracy. According to the American scholar, high-income countries tend to be more democratic than less wealthy ones. However, this hypothesized relationship has been believed to be mediated by the effects of other variables. In this regard, as stressed by Inglehart (1997), wealth is not relevant *per se*. On the contrary, it is crucial only if boosts social development (high literacy rates, urbanization, non-agricultural employment) and political participation. These are, in turn, able to affect the institutional setting. In other words, a rich country with poor levels of social development and authoritarian rules is not necessarily at odds with Lipset’s thought.

Said that, it cannot be dismissed as simply trivial the increasing discomfort that many scholars started to feel about the validity of this theory after the oil-price boom in the 1970s. This, indeed, fostered an unpredicted phenomenon in which wealthy countries and authoritarianism went hand in hand, triggering the puzzle for the discipline of explaining the stability of rich authoritarian countries. Unsurprisingly, given the overwhelming geographical concentration of these countries in the Middle East, many attempted answers came from experts of this world region. Among these, the development of the rentier state theory has been, following Lisa Anderson’s (1987) words, “one of the major contribution of Middle East regional studies to political science”.

However, it should be also underlined that the concept of rentier state was all, but new. In the early twentieth century it was used by economists to represent the unbalance loans that European countries extended to non-European governments, realizing high profits and introducing distorting, since non-related to the productive sector, mechanisms in their capitalist economies.

After a long period of silence, the concept of the rentier state re-emerged with a different meaning thanks to Mahdavy’s (1970) pioneering work and Beblawi’s (1987) insightful redefinition. According to the latter, three aspects are crucial in a rentier state: a) revenues are obtained from external sources to the society; b) they accrue directly to the state that, in turn, can decide how to spend this fortune; and c) only a small part

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1 The supposed exceptionalisms of the region has been also explained through the cultural paradigm as well as the late and peculiar formation of the Middle Eastern states. A brilliant and severe critique of the former is provided by Said (1994), while Ayubi’s (1995) work is still the unmissable starting point to get an insightful introduction to the latter.
of society is engaged in the generation of this wealth, and this means that these activities are labour-saving. Strictly following this definition, the economic resources that can be considered as crucial elements to define a rentier state are oil, gas, and mineral revenues paid by foreign companies as well as strategic rents for pipelines and waterways, while workers’ remittances, although taxed by the state, and grant revenues should be excluded\(^2\). In the subsequent years this new conceptualization of the rentier state travelled out the Middle East, finding application in Latin America, Africa, and Southeast Asia (for instance, Karl 1997; Clark 1997; Törnquist 1990). Likewise, many single-case studies (Vanderwalle 1998; Lowi 2009) and comparative analyses alike flourished (Luciani 1994; Martinez 2012).

An important turning point in the academic debate was Ross’ (2001) article in which through a large-N, cross-regional analysis the oil-impedes-democracy claim has been proved valid and statistically robust. Although partially contested (Fish, 2002; Herb, 2005), this work coherently specified for the first time the causal mechanisms through which hydrocarbon rents can furnish a decisive support to the stability of an authoritarian regime. Summarizing this and other analyses, it can be stated that three factors are decisive. The first one is the so-called taxation effect (Tilly 1975, 1990; Schumpeter 1991; Moore 2004). Indeed, when governments gain sufficient revenues from oil, they are likely to tax their population less heavily, or not at all. Consequently, similar populations will be less likely to demand accountability from their government (Anderson 1987; Luciani 1990)\(^3\). Reversing the slogan originated during the American Revolution, many Middle Eastern scholars have seized the expression: no representation without taxation\(^4\). Secondly, the spending effect. This can be split into two different arguments. To begin with, thanks to the astonishing flow of economic resources that accrue in state coffers, authoritarian regimes can freely spend on patronage, therefore buying off the quiescence of their citizens through a clientelistic redistribution of wealth (Luciani 1995; Karl 2007). On the other hand, the state budget dedicated to internal security can be extremely high and this can logically be a serious hindrance to political transformation (Bellin 2004, 2012; Gause III 1995; Yom and Gause III 2012; Brownlee, Masoud and Reynolds 2013).

Finally, the social forces formation effect. As known, a long tradition in political science puts social classes at the forefront in the process of transition from authoritarian rules to democratic settings. Although there has been a strong disagreement regarding the class agent of democratization, given the emphasis put on the bourgeoisie by some authors (Moore 1966; Hobsbawm 1969) while others focused on the working class

\(^2\)However, this point is still hotly debatable and some scholars, for instance, treated workers’ remittances as a component of a rentier economy. A good example here is provided by Richter (2007).

\(^3\)On the other hand, Herb (2003) sustains that, although citizens are not taxed, they can have many reasons to hold their rulers accountable.

\(^4\)Waterbury (1994) believes, on the contrary, that the link between low taxation and the absence of democratic institutions is weak. In his perspective, high, and especially predatory, taxation has historically produced revolts rather than democratization.
(Thompson 1963; Rueschemeyer, Stephens and Stephens 1992; Collier 1999), it is interesting to point out that in rentier states both these two social forces are extremely weak and unable to conduct an independent action.

However, despite its strong explicative value, rentier states literature tends to obscure the weight of opponent actors. Their power of agency is indeed almost completely ignored. In that respect, the relationship among resource wealth, political instability and violence has been also at the centre of the civil war literature. In this tradition we find the other side of the coin. Several studies have, indeed, highlighted that the condition of being dependent on price shocks on the international market make the possibility of economic breakdowns, enhancing the probability of internal conflicts more likely (Basedau and Lay 2009). It has been argued that highly valuable natural resources can make civil violence more likely mainly for three reasons (Humphreys 2005; Ross 2004; Le Billon 2008). First, because of the opportunity they grant by making the war financially feasible. Second because they can offer motivation for the rebellion. This grievance-driven mechanism is generally produced by an inefficient distribution of resources. Finally, resource might have influence at the structural level. On the one hand they can weaken the state institutional framework. On the other hand, they can also interfere with the socio-economic equilibrium by developing, for instance, the Dutch disease. Both these options make civil war significantly more likely (Basedau and Richter 2011).

During the 2000s quantitative studies pointing at the causes of civil wars have proliferated. Some researchers have differentiated the impact in accordance with the nature of the resource. Oil appears among the first guilty for domestic instability (Fearon and Laitin 2003; Fearon 2005; Humphrey 2005; Lujla et al. 2005; Lujla 2009; Ross 2006). Not only oil-exporting counties appear to experience civil war with higher probably than others (Ross 2004; Dixon 2009) but other studies have also found that although states might program apparent large scale wealth distribution, their oil dependency increase the probability of a civil war by generating a U- shaped relationship (Basedau and Lay 2009). However, in the distinction between abundance and dependance of resources we find a degree of convergence between rentier states and civil war literature. While the regime dependance on oil exportation makes it a potential victim of price fluctuation, the abundance can, on the contrary, be crucial in the final phases of domestic wars to redistribute incentives to make private recruitment more difficult (Basedau and Wegenast 2010).

The focus on anti-regime actors is also the core of the social movement theory (SMT) which by calling

5However, the role of the working class in rentier states should deserve much more attention. On the one hand, workers in the hydrocarbon sector generally benefit of high salary and better social conditions compared to those employed in the other economic activities. This means that an aristocracy of labour, largely affected by particularistic demands and di-solidarity with the unorganized masses, can emerge (Bellin, 2002). On the other hand, exactly for the crucial role played by this sector in the national economy, a militant working class in the hydrocarbon activities can trigger relevant consequences for the stability of the regime. The 1979 Iranian revolution is the paradigmatic case here (Skocpol 1982).
for a widening of the research agenda and a more integrated approach (McAdam et al. 1996; 2001; Tarrow 1998), offers interesting tolls for analysis that we consider useful for this work.

   Indeed, by drawing on SMT’s sensitivity, the use of violence, terrorism – considered as a tactic (Tilly 2004) - and attacks against regime’s officials, assets and symbols become a part of a wider “repertoire of contention” (Tilly 1978; Della Porta 2013). On the other side, the analysis of the regime becomes crucial, considering that the level of access to political institutions, the stability of the ruling elite coalition and the nature of the state repression, they are all structural factors and variables that compose political conditions for the activation of contention (Tilly 1978; Kitschelt 1986; Tarrow 1994; McAdam et al. 1996; Wiktorowicz 2003). After a germinal phase based on a functionalist interpretation of society (Parsons 1937; Huntington 1968; McAdam 1982), which perceived mobilization as a consequence of a social and psychological disequilibrium, SMT passed through different evolutions until “[i]n the past 15 years, social movement theory has coalesced around a 3-fold framework of theoretical perspectives, which can be called mobilizing resources, political opportunities, and framing” (Beck 2008: 3). The same concept of political opportunity, originally proposed by Eisinger (1973), is especially useful in this work, as it places movements and opponents in the political environment in which they act (Beck 2008). Regime’s nature, behavior and repression obviously become fundamental factors to explain opponents organizational structure and strategic choices. Different works focused on the relation between political environment and the mobilization of contention (Jenkins and Perrow 1977; Jenkins 1985; Meyer 1990; Khwaja 1994; Tarrow 1994; Kurzman 1996). In the last years, some authors used the political opportunities approach to study Islamic mobilization in an original and convincing way (Hafez 2003; Wicktorowicz 2003; Schwedler 2006). Political process framework (Hafez 2003) in particular help to explain radicalization and violence of anti-regime movements, a phenomenon that – as the Algerian case demonstrate – could bring opponents to opt for the adoption of terrorist tactics. Works by McAdam (1988), Voss (1996) and McAdam, Tarrow and Tilly (1997) stress how organizational dynamics and cognitive processes influence the relation between political environment and collective actions, while Della Porta’s (1988; 1995) studies on terrorism explain the process of radicalization considering regime’s way of managing contention.

   By displaying these thee approaches, this paper aims at reconstructing historical events in Algeria through a dynamic focus on different level of analysis. In fact, this paper originates from the limits of this set of explanatory models. This does not mean that the paper rejects these contributions. On the contrary, we consider them all particularly relevant but more enriching if considered together. Hence, both structure and agency will be appeased. The added-value of this research lies on the attempt to generate a constructive and fluid dialogue among different academic positions, focusing on different causal factors and narratives.
Method and Case Selection

This paper looks for theoretical insights from an empirical study of a single case study. Methodologists in political science tend to be skeptical about single case study (Snidal 1989; Njolstad 1990; King, Kehoane and Verba 1994). However, several studies have demonstrated the importance of such an approach (Dahl 1960; Allison 1971; Lijphart 1968, Johnson 1983, Beach and Petersen 2013). This study is an in-depth analysis of Algeria, meaning a single unit (Gerring 2004), over a time frame of nearly thirty years (mid sixties to mid-nineties). We are, therefore, strongly aware of the limits in generalization. We, nonetheless, intend to retrace and identify the conditions linking the nature of a rentier state with political violence. This means that, although there is no aspiration for universalistic generalizations, the conclusion we drawn from the Algerian case can be applied, under similar circumstances, to other cases.

Why Algeria than?

First, Algeria is the typical example of rentier state. At the outburst of the October 1988 events, for instance, 97 percent of foreign currency was derived by hydrocarbon export that were by far the most important economic revenues for the country. Moreover, not only the economic sphere of the country, but also its political and social dimensions were highly affected by and modeled on rentierism.

Second, the sudden 1985-6 downfall of oil price on the global market represents the perfect external shock that can trigger vast and unexpected internal consequences, stressing the limits of an unstable equilibrium up to the point of regime breakdown and political violence explosion.

Third and finally, we consider Algeria strongly informative because it displays the common characteristic of rentierism over different political climates (authoritarian or more liberal approach to the political system) and different security situation (both peace and civil war).

The Evolution of Algerian Political Economy: Three Economic eras

Between independence and the October 1988 events Algeria experienced, if the short and erratic Ben Bella’s government is excluded, two significantly different periods in its political economy. Boumediene’s presidency was characterized by an energy-based industrialization – that is, the vast hydrocarbon resources were used to foster an accelerated process of development and industrialization – while the arrival of Chadli brought to a determined shift towards unproductive spending in social infrastructure and light industry, determining the transformation of the country in an allocative rentier state. Having said that, a brief historical reconstruction can be useful to appreciate the whole evolution of the Algerian trajectory.
What follows is an analysis of political economy choices from 1830 to 1988. For sake of clarification, we have separated this long historical period in three phases: 1830 to 1965, 1965 to 1978 and finally 1978 to 1988, detecting the core feature of these three crucial economic épogues.

1. From colonial domination to autogestion movement (1830-1965)

At the threshold of independence, the challenges faced by the first government of independent Algeria were enormous. This was the combined effect of 132 years of colonial domination and nearly 8 years of brutal war. On the eve of colonization, Algeria was a predominantly rural society in which the traditional revenues derived by long-distance trade were declining and a poor but not underdeveloped agriculture produced surpluses that were distributed, through local markets, from peasants to non-agricultural producers such as handicraftsmen and partly grabbed by a non-producing ruling class, following a typical pattern in the Ottoman Empire (Pfeifer 1985: 2). This pre-capitalist society was literally disrupted by the arrival of French that transformed the Algerian economy into a commodity-extracting hinterland for the métropole and an importer of manufactured consumer goods (Bennoune 1985: 188; Lowi 2009: 52).

This brought to three important consequences: a) the agricultural sector was concentrated in the hands of the colons and the most fertile soils were dedicated to export derived from farming such as wine, fruits, and vegetables; b) the invasion of the colonial market with cheap and manufactured products brought to the sudden disappearance of leather and copper craftsmen, who in turn swelled the ranks of wage labour; c) the emergence of an industrial sector was completely ruled out by French interests that used the country as an outlet for unsold manufactured goods, preventing therefore the formation of a national bourgeoisie.

This situation was aggravated by the nearly eight years of ferocious confrontation between the nationalist movement and French troops that arguably brought to the most savage decolonization process after the end of the second World War. From 1954 to 1962 more than two million of Algerians were forced into internment camps, euphemistically defined by French centres de regroupement. About 300,000 people found refuge in Tunisia and Morocco, 400,000 ended up in prisons, and hundreds of thousands were killed. Moreover, in the months that followed the Evian accords, there was the precipitous departure of about 90 percent of the Europeans, many of whom occupied prominence positions in administrative and economic sectors, owning important and specific technic skills (Stora 2001: 124). Before leaving Algeria, as typical in military retreats, they blew up buildings, torched libraries, and destroyed the vast communication network that they had built in many decades (Le Sueur 2010: 15).

What was not destroyed, but simply left behind by colons became known as bien vacants – abandoned
colonial property – and many of these were occupied. Out of necessity, workers resumed production in the agricultural and industrial sectors. The so-called *autogestion movement* was backed in March 1963 by Ben Bella, who had won the struggle among the various factions of the nationalist movement after independence. The project included democratic collective management on industrial, as well as agrarian productions (King 2009). However, it was rather an instrumental attempt to gain workers’ support at a time of deep political and social conflicts rather than a sincere commitment to the principles of self-management (Lazreg 1976: 89-90; Lowi 2009: 85). This economic experiment was erratic and unsatisfactory, with several indicators constantly negative during the first four years of independence. It has been argued that the self-management attempt was sabotaged by bureaucrats with petit bourgeoisie background determined to block access of the working-class to the means of production (Tlemçani 1986). Arguably, there is something real in this view. At the same time, however, a peripheral countries affected by underdevelopment as was Algeria could break the chains of dependence only through an accelerated process of capital accumulation. On the one hand, this is inherently at odds with autogestion. On the other, given the smallness and scarcely autonomy of bourgeoisie this goal was achievable only through state capitalism. After all, it does not seem excessive to argue that there is an elective affinity between modernization commitment and state capitalism in peripheral countries. Houari Boumedienne’s bloodless military coup in June 1965 was the political answer to this economic necessity.

2. **State capitalism and political stability (1965-1978)**

The strategy of development adopted in post-1965 Algeria was based upon a model of unbalanced sectoral growth, that became known through the concept of *industries industrialisantes* developed by the French economist Gérard Destanne de Bernis. This theory relies on the expected “multiplier effect” that investments in growth-generating activities should have on all other sectors of the economy. In this regard, top priority was given to capital-intensive industries such as steel, mechanical, chemical, and electric (Bennoune 1985: 197). These industries were considered capable of providing raw materials and machineries for other industries as well as fostering the advancement of backward sectors – that is, agriculture – by stimulating demand for outputs (in the form of food for the growing industrial work-force) and supplying inputs (pumps, fertilisers, and the like) (Ruedy 2005: 217). The whole strategy was aimed at achieving substantial, and not only formal, economic independence through a process of accelerated industrialization, in which the role of the state was prominent in directing and planning the economy. Foreign and internal enterprises were gradually nationalized and put under the control of a network of organizations and corporations, imported consumer goods were substituted by domestically produced ones, and through a rigid control of the credit system the
influence of the state policies was also extended on those sectors in which public sector direct intervention was avoided (Pfeifer 1985: 6; Entelis 1986: 114).

Moreover, the state promoted social, educational, and welfare policies that aim to redistribute wealth and provided technicians, cadres, and managers to public sector enterprises in which workers were hired liberally, receiving social and economic benefit in return of their political quiescence (Alexander 2002: 320). The whole strategy was largely inspired by two structural conditions. To begin with, since agriculture was seen as incapable of providing employment for a population that rose at more than 3 percent per year, with nearly 200,000 applicants entering the job market annually, the logic was that non-agricultural activities had to provide opportunities for those millions of impoverished formal peasants who were concentrated on the brink of big cities. Secondly, and much more important, the availability of hydrocarbon resources, discovered in earnest for the first time in Hassi Messaoud in 1958, had to be used to finance this project of rapid economic development. In particular, the rents derived by selling oil and natural gas helped Algeria to avoid the classic “Third World dilemma” of choosing between foreign loans or reduced consumption as a source of capital.

The hydrocarbon sector became, therefore, the field on which the whole project of the Algerian regime was played and investments were massive here. SONATRACH, Algeria’s national oil and gas company, founded in December 1963, rapidly emerged as the most influential and best financed of the state corporations. The process of increasing reinforcement of SONATRACH’s positions vis-à-vis the multinational oil companies operating in the Sahara culminated in a vast nationalization of the Algerian hydrocarbon sector through a series of separate ordinances and decrees in February 1971, positioning the country far ahead of all other OPEC members in gaining control of this sector (Entelis 1999: 11). The strategy of unbalanced sectoral growth, although partially limited as time went by, characterized markedly the thirteen years during which

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**Figure 1: Planned and Actual Investment in Algeria 1967-1977**

<table>
<thead>
<tr>
<th>Total Industry</th>
<th>1967-69 Planned %</th>
<th>1970-73 Actual %</th>
<th>1974-77 Planned %</th>
<th>1974-77 Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hydrocarbons</td>
<td>41.9</td>
<td>40.6</td>
<td>47.1</td>
<td>47.6</td>
</tr>
<tr>
<td>Capital and Intermediate Goods</td>
<td>47.0</td>
<td>48.9</td>
<td>46.2</td>
<td>47.6</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>11.1</td>
<td>8.5</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Agriculture</td>
<td>16.9</td>
<td>14.9</td>
<td>13.0</td>
<td>13.2</td>
</tr>
<tr>
<td>Economic and Social Infrastructure</td>
<td>34.4</td>
<td>28.3</td>
<td>30.0</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
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</tr>
</tbody>
</table>

the powerful and enigmatic Abdessalam Belaid was Minister of Industry and Energy. After a preparatory three-year plan (1967-69), where the objective was to create the basic conditions to industrialization, the process decollated in earnest with the first four-year plan (1970-73). The unprecedented rise in oil prices – from $3.2 to $16.2 per barrel – coincided with the preparation of the subsequent four-year plan (1974-77), determining an increased availability of financial resources that were, once again, largely directed towards basic industries and hydrocarbon sector (Bennoune 1985: 203).

At the end of this third plan, Algeria was a transformed country. The average annual growth of the economy had been an impressive 7.2 percent, industrial production had doubled, and basic industries had nearly quadrupled (Ruedy 2005: 219). On the other hand, a such impetuous process of industrialization brought also to several mistakes and shortcomings. Some of these, after Belaid’s sacking and Boumedienne’s sudden death in December 1978 were instrumentally used by new President Chadli to abruptly change the economic trajectory of the country.

3. The road towards instability (1979-1988)

The strategy of unbalanced sectoral growth resulted in two main shortcomings. On the one hand, there were social problems. The overwhelming concentration of economic resources in capital intensive basic industries determined both a slow job creation, with unemployment rate still at 22 percent in 1977, and the development of an increasing militant and politicized workers’ movement, favored by the concentration of skilled workers in factories with large numbers (Seidman 1994; Alexander 2002). Moreover, the scarce attention devoted to light industries and social issues fostered tensions in urban areas where consumer demands and housing requests could not be easily met. On the other hand, despite great efforts Algeria was not able to break its chains of dependency from Western countries. This was testified by the high reliance on export of hydrocarbon to obtain foreign exchange. In turn this was the consequence of several problems in basic industries as well as in the agricultural sector. Starting from the former, indigenous technology did never appear in Algeria, triggering a process of importation of capital goods and qualified personnel. The smallness of the domestic market prevented the possibility of realizing an economy of scale and imposed the penetration of overseas markets, an arduous task given the global gluts of basic product in post-1973 scenario and the limited competitiveness of Algerian products. The latter was, at least partially, the result of low productivity in the industrial sector where many plants operated at a ludicrous amount of their potentiality, a consequence in turn of the low level of managerial, technical, and vocational skills as well as a political decision to guarantee social peace (Pfeifer 1985: 10-1; Ruedy 2005: 220). Regarding the latter, the underdevelopment of the agricultural
sector exposed Algeria to an incredible and without precedents reliance on food imports, something that not only unbalanced the import-export ratio, but also created a new and troublesome dependence for the country. These social and economic problems were used by Chadli to pursue his political goals – that is, the establishment of a new block of power and sideline of previous prominent figures.

The first five-year plan (1980-84) of Chadli’s presidency aimed at concentrating resources out of capital intensive industries and towards social infrastructure and light industry. Private sector initiative was encouraged and state-owned enterprises were restructured and decentralized (Murphy 1996: 186). The results were, nevertheless, disappointing. The growth of GDP decreased, jobs were created at an insufficient annual pace and industry now fell back to the low performance of all other sectors. Yet, the most important decision taken by the regime regarded the political monetary. Its decision to hold the diner at an artificially high rate in order to maximize oil and gas revenues that were paid in dollars determined that the already scarcely competitive manufactured Algerian goods were now made more so by the artificial exchange rate. The dependency on hydrocarbon revenues was stressed, rather than softened by Chadli’s economic decisions and this determined a gradual shift from an energy-based industrialization towards an allocative rentier economy.

![Figure 2: Projected Investments in Algeria 1980-1989.](image)


More generally, the social pact implicitly signed between the ruling elite and the population, based on limited political contestation in exchange of mass inclusion, was dismantled. The shrinking of social welfare became now combined with a political environment that was still characterized by high exclusion and clan networks, rather than broader space to participate and compete. Reproducing the extremely well-known Dahl’s (1971) box, it can be underlined that the Algerian regime moved from the bottom right corner towards the bottom left corner, resembling therefore those regimes that are scarcely legitimated.

The sudden downfall in oil and gas prices in 1985-86 exposed the country to several and difficult to
manage problems. The GDP turned negative, the restriction on imports had severe social consequences and were not able to rebalance the low amount of exports, unemployment skyrocketed, social spending shrunk, and the foreign earnings needed to service the debt reached the unmanageable percentage of 87 percent in 1988. When Algeria, backed by the IMF (International Monetary Fund) began the complete dismantling of state capitalism and turned vigorously towards market economy and austerity measure, the social situation became incandescent, culminating in the most important turning point in Algerian independence history – that is, the October 1988 events.

**Figure 3: Position of Bounedienne and Chadli regimes**

<table>
<thead>
<tr>
<th>Elite Context</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chadli (1979-1988)</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Bounedienne (1965-1978)</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: Authors’ elaboration adapted from Dahl (1971).

**Rentierism, Political Identity and Violence, what relationship?**

The dependency on oil-exportation has significant consequences on the political identity factor within a state. By forging a peculiar elitarian structure of power based on an attentive selection of the ruling elites (Werenfels 2004), rentierism has significantly reinforced and reproduced an identity cleavage within the Algerian society. We argue that there is a tight link between this identity outcome and the education and languages policies which have determined discriminations in the labor market on the basis of Algerian way to rentierism.

First, the education system was highly discriminating “in favor of those whose families already held wealth, status and power” (Zartman 1975 : 279) based on the willing to forge technical and engineering classes of young Algerians. More broadly, there was also a plan for a specific high-class ruling élite, formed exclusively through the *École Nationale d’Administration* (ENA) and the *Faculté de Droit d’Algiers* (Werenfels 2004).

Secondly, this low level discrimination was the foundation for a broader discrimination within the labor market which was evident already during the 70s. Though, as the majority of former colonial domains,
the Boumediène’s rule pushed for an *arabisation* of the administrative sphere, the economic oil dependent job market was basically accessible only to French (or European) speaking Algerians. In fact, large state corporations were mostly interested in hiring personnel able to work, on a daily basis, with Western suppliers and costumers. This meant a clear differentiation between Arabic and French educated students. More to the point, since the oil-related labor market was, and still is, the first and main end market, a rising frustration among the *arabisants* was growing, reinforcing an already existing social cleavage (Roberts 2003). Indeed, the exclusion was not only political. The exclusion was economical and grounded on social based differences that the state did not address, but, rather, replicated. Moreover, despite a process of *arabization* of the education system that was almost completed along the 80s, there was a parallel decline in the quality of the school system, producing the so called “illiterates in two languages”.

This difference in opportunity access was fuel for the series of political grievances of these *arabisants* in the mid-70s. They were rivendicating a change of the state policy able to take into account the disproportioning representation in the crucial economic theatre of the country. What is valuable for the purpose of this work is to highlight the importance that this movement of frustrated Arab speaking young people played in incanalating their political weight into the Islamist project. In this sense, the Islamist pressure that will be channelled into the FIS after 1989, was a demand for social justice (Hafez 2003). The FIS was indeed particularly able to build its legitimacy on this matter as form of rivendication and rupture with the official current ruling elite. The Islamist movement welcomed the majority of this generation, significantly increased after the democratic boom of the country (Campanini 2006). In fact, in 1990, the 70% of the Algerian population was under 25 (Gregory 2003). For this young generation excluded from the power by the FNL regime, the FIS was the real, first and concrete tool to express their political voice. In a nutshell, the Islamist takeover in Algeria should be interpreted as a direct consequence of an unhealthy development model (Labat 1995; Willis 2014). This is because the Algerian economic model was structured over (and possible because) the existence of an exclusive social environment, instrumentally selected.

Therefore, as Naylor (2000: 165) stresses “clearly the socialist, revolutionary rhetoric articulated by the aging elite no longer provided coherence or credibility. The younger generation rejected the hegemonic FLN-imposed mythology, a *closed myth of concern* [...] The widening gap between the perception of an identity, the projection of the Algerian nation, as interpreted by the older *generation of 1 November* and experienced
by the younger one of independence impelled the violence. The youth who took to the streets in October 1988 were more than economic and social malcontents, they were existentially alienated from the kind of Algeria imagined by the FLN. The riots represented the irreparable fracture of polity and society”.

In this regard, an important question has to be raised. What was the role of Islam?

It can be argued that a historical peculiarity of the Maghreb region was the absence of a net Sunni-Sciits distinction. This absence made possible for Islam to represent an unifying force, making the distinction between Berbers and Arabs less relevant and functioning as distancing feature already during the French occupation (Roberts 2003). The colonial rule, for its part, definitely stimulated an enclosing process of part of Algerian population into Islam, as pattern of identification and differentiation from the colonizers. This is a key example of religion functioning as strong tool to enhance differences with the “oppressor”, reinforcing an in-group/out-group dynamic (Tajfel and Turner 1986; Turner 1987) that will be then, replicated within the Algerian population itself.

Although Islam was determinant in the formation of an Algerian national consciousness, at the time of victory the FNL, in the 1962 national building recipe the religious appeal was diluted the Islamic cultural heritage with a strong raison d’état. Not surprisingly, the rose and spread of a radical form of Islam was a response to state policy underestimation of it in the res publica. In fact, until the foundation of the FIS, Islamist movements remained essentially atomized and fragmented (Willis 2014).

This is the framework of resentment and claims existing in a part of the Algerian society even before the 1988, and following, events. This is the framework that allowed the opening of those violent windows of opportunity which will draw the country into a cycle of terrible violence until 2002, and afterwards. De facto, once this framework was combined with state’s inability to continue the redistribution programs it was used to and, more significantly, with the state decision to violently silent part of these social claims, the conflict trap was inevitably activated. As Quandt (1998: 88) has stressed, the military solution to mass political actions was a determinant engine for change, but “not in terms of who held the ultimate power in the country”. By repressing the 1988 demonstrations, the 1991 may-june unlimited strike proclaimed by the FIS and then, finally, by canceling the 1992 secon round elections and banning the FIS, the military definitely generated its own enemy. And the rest is, unfortunately, a well know history of violence.

By way of conclusion, it is a matter of fact that in Algeria, rentierism and political violence are somehow causally connected. Indeed, the elitarian structure and the consequent structure of the labor market combined with the political will to minimize the voice of the political Islam generated not only heavy economic and
social discriminations, but also a dangerous identitarian vacuum. Unfortunately, hundreds of Algerians have filled up this void by grasping the extremist messages as expression of their frustration and way to find a role to play. Under certain circumstances, violence can offer a pattern of identification that poorly has to do with culturalist theses à la Huntington, claiming some religions, more than others, are inclined to atrocities and violence.

**Conclusion**

This paper has explored the relationship between the condition of rentierism and the rise of political violence. By reconstructing crucial moments of the Algerian history, we investigated the conditions of weakness of a rentier state and how, under these weaknesses, structural, as well as social and identitarian factors combined with each other. Indeed, the intent was to refine our knowledge on how an apparent successful story of decolonization turned into a décennie noire.

The time of the immediate Algerian post-independence was surely a positive moment. Oil richness was discovered and a new era of economic and political affairs was to be forged. Boumedienne built the basis of the country on a process of strong industrialization aiming at generating an independent and generally spread national prosperity. Nevertheless, the attempt to break the chain of economic dependence from the so-called First World was unsuccessful. Paradoxically, the boom of oil price in 1973 was a huge backlash to Algeria. As a matter of fact, the country was increasingly unable to sell its manufactured goods in a global market characterized by, for the first time after the end of the Second World War, slow growth and glut of goods. In turn, Algeria increased rather than softened its reliance on hydrocarbon revenues, transforming a project of energy-based industrialization, when Chadli took power, into an allocative economic strategy that rested on high citizens’ standard of life.

However, this structural shortcoming can not per sé explain violence. To understand it, other factors have been taken into consideration.

Algerian rentierism was, indeed, based on higher economic discriminations and social exclusions. Rentierism in Algeria was guilty of decencies of partial education systems that alimented and reinforced unfair job market unbalances between French educated Algerians and the arabisants. During the 80s hundreds of citizens found themselves without any clear economic perspectives, without a political voice different from the FLN and under high social disparities with the power in the hands of a small élite. In addition to a request for economic and social possibilities, the project of violence by some non-state actors, was also the quest for a political space. The political dimension ignored a large part of the population that recognized
itself in the political Islam. The Islamist violence burned out of decades of frustration that, under the state violent repression started in 1988, exploded in its worst potential.

By generating certain intrinsic conditions, such as high dependency on the international market, discriminatory social structure based on implicit social pact favoring mass inclusion in exchange for limited political contestation and therefore, exclusion of political alternative voices, rentierism in Algeria represented a challenge to domestic peace.

While this paper aimed at collecting more comprehensive qualitative insights from a historical analysis, it also recognizes the need to further explore some aspects of the story. In such a way it would be possible to enhance the empirical knowledge and to potentially enlarge the universe of cases.

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