

# Algeria: a cold coup by the Army

by Christine Bierre

In a few rapid moves, the Algerian Army organized a cold coup to prevent a takeover by the fundamentalists of the Islamic Salvation Front (FIS). Victorious in the first round of the legislative elections of Dec. 26, the FIS was expected to win an overall majority in the runoff on Jan. 16. Having made no secret of the fact that they intended to bring democracy to an end and to install an Islamic republic, a "democratic" victory by the FIS meant, paradoxically, the end of the entire democratic process started by President Chadli Bendjedid.

The Army moved before the second round of the legislative elections to freeze the entire process, forcing the resignation of President Chadli on the eve of Jan. 13. They announced the creation of a High Security Council composed of Prime Minister Sid Ahmed Ghazali, the ministers of justice and foreign affairs, as well as three military figures—the chief of staff, a former chief of staff, and the interior minister.

In an effort to give the coup as much legitimacy as possible, this High Security Council has now transferred its power to another authority, the High Committee of the State, composed of "respected personalities" associated with Algeria's war of independence, and with moderate Islamic currents.

## Key issue is the economy

What many observers fail to recognize, is that the choice for Algeria is not really among the military, the National Liberation Front (FLN, which has ruled Algeria since its independence), and the Islamic fundamentalists, but between the continuation of free market economics and austerity, and a real policy of economic development.

It is the tremendous economic decay of the country which has become unbearable to the majority of the Algerian people, as the vote for the FIS showed. Rich in oil, Algeria was, during the era of President Houari Boumediene (1965-78), an example to other Third World nations trying to industrialize. A drop in oil prices, a generally hostile economic environment, as well as domestic problems, led Algeria to accumulate an estimated \$25-29 billion worth of foreign debt, mainly to French and Japanese banks.

Of the \$25 billion in debt, \$7-8 billion comes due every year, creating a situation where out of every \$3 of oil revenue, \$2 goes to pay debt service, leaving nothing for new investment in industry and agriculture. While Algeria had made it

a point of honor to pay all its debt on time, signs of heavy economic difficulties appeared last year. Algeria has not been able to pay anything on its foreign debt since last September, and has been seeking a \$1.5 billion credit to pay back debt and cover the deficit. The French government has been active in putting together a consortium of foreign banks to provide that credit. Several meetings have taken place involving Japanese, American, French, and others banks. Some say an agreement could be concluded by Jan. 31, if the American banks stop dragging their feet.

This defines the real parameters the new Algerian government—Army, FLN or FIS—will have to deal with. Since 1988, President Chadli had embarked the country upon a free market economic policy, leading to tremendous impoverishment. The government of Mouloud Hamrouche, replaced some months ago by Sid Ahmed Ghazali, concluded several highly disadvantageous deals with the International Monetary Fund. As conditions for a \$300 million loan signed in June 1991, the IMF demanded a devaluation of the currency, measures to liberalize trade, involving mainly reduction of tariffs on foreign products, increasing privatization of the public sector, and elimination of subsidies to sectors of the national economy considered of "primary importance"—food, energy, etc. Last September the currency was devalued by 22%.

Unable to deal with the crisis, the government of Sid Ahmed Ghazali decided to privatize up to 49% foreign participation in the national oil company, a measure which many who had fought in the war of independence saw as a move toward recolonization. In an effort to counter the growth of Islamic fundamentalism, Chadli introduced a form of "official" Islamicization, which reinforced the radical Islamic current in Algerian society.

## The free market, and Islamic law

Will the new rulers of Algeria be able to reestablish domestic peace? Everything indicates quite the contrary, that the free market economic reforms will be pursued. And in spite of anti-IMF rhetoric in the FIS camp, there are also many indications that the FIS will promote an "Islamic" version of the same policy. The FIS has not hidden what its overall policies would be: Elections will come to an end and the President will be named by the Shura, or religious council; women can be repudiated by their husbands; the full weight of Islamic law will come down on thieves, prostitutes, and adulterous women. But no law will cut off the hands of the rapacious bankers and of the IMF!

Where lies the hope for Algeria? Keen on-the-scene observers denounce the corruption in most of the political spectrum, but place hope both on young Army officers of a new nationalist and progressive streak, as well as on moderate Islamic factions, favorable to the advance of technology, while at the same time trying to locate a positive identity in a rationalist Islam.