

# ***Oil Revenues and Problematic Development: The Case of Algeria***

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There is a need, according to Moore-Gilbert (1997), to develop the postcolonial discourse of Edward Said and others in the areas of economics and sociology. This paper will use the experience of Algeria in order to develop this discourse. Algeria was a model for the third world during the 1970's with prosperity apparently assured by oil revenues (Allouche and Colonna, 1992; Eveno, 1994). Today Algeria is, rather, a powerful expression of failure of the western development model of the Sixties. What happened during some forty years of independence such that now a majority of young people aspires to only one thing, leaving the country? What led Algeria to such a crisis? The thesis of this paper is that the social system became blocked and Edward Said's concept of *Orientalism* (1979) provides a basis for understanding the blockage.

Algeria succeeded in making considerable gains in the sixties and seventies at the level of international exchange using its primary natural resource, oil. The country apparently was moving into the western development mode of modernity or in Weber's terms, "rationalization," as well as the development of a bureaucratic nation-state system.

This conception relies on Weber's analysis of modernity in *Economy and Society* (1978) as rational secularism (Cf. Arjomand, 2004a; 2004b). Following Weber, the tables below refer to "ideal types" (Weber, 1963) rather than empirical analysis. An ideal type of rational secular modernity for the social system is found in Table 1 below:

<b>Subsystems</b>	<b>Functions</b>	<b>Structuring Elements</b>	<b>Processes</b>	<b>Actors</b>
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**Table 1: Rational Secular Modernity (ideal type)**

<b>Cultural</b>	Cultural hegemony of the dominant social class or group	Positivism, universality, objectivity, order	Rationalization, homogenization, uniformization	Cultural associations, artists, intellectuals
<b>Social Organization</b>	Reproduction of an organic solidarity	Formal laws and regulations	Social engineering, social planning	Institutions
<b>Political</b>	Seek and enforce consensus for a secular order	Democracy (the rule of the majority)	Persuasion and coercion	State, political parties, associations
<b>Economic</b>	Mobilization and transformation of natural resources	Efficiency, productivity, profitability	Standardization, mass, industrialized production	Organizations (financial, industrial...)

**Table 1: Rational Secular Modernity (ideal type)**

According to the development and modernization theory of the west, Algeria had been trapped in a social system described by Said as *orientalism* (1978). Islamic countries were especially vulnerable to the orientalist's claim that "Islam existed in a kind of timeless childhood, shielded from true development by an archaic set of superstitions, prevented by its strange priests and scribes from moving out of the Middle Ages" (Said, 2000a, p. 191). Western economic development thought required that Algerian transform itself from its childlike "orientalism" into rational secular modernity.

Algeria, more than any other Arab country, experienced the cultural domination of the West in Said's third mean-

<b>Subsystems</b>	<b>Functions</b>	<b>Structuring Elements</b>	<b>Processes</b>	<b>Actors</b>
<b>Cultural</b>	Maintenance of a unique cultural model	Fate, destiny, Spirituality	Normative	Religious, mystical leaders
<b>Social Organization</b>	Reproduction of a mechanical solidarity	Tribalism, clanism	Coercion	Tribe, extended family
<b>Political</b>	Maintenance of a sacred order	Monolithism	Domination/ submission	Religious, mystical leaders
<b>Economic</b>	Mobilization of human physical resources	Contingency	Division of tasks based on age, sex	Religious, mystical leaders

**Table 2: Orientalism (ideal type)**

ing of orientalism:

"...the corporate institution for dealing with the Orient—dealing with it by making statements about it, authorizing views of it, describing it, by teaching it, settling it, ruling over it: in short, Orientalism as a Western style for dominating, restructuring and having authority over the Orient." (Said, 2000c, p.69)

Thus, much of the traditional culture in Algeria was modified or even wiped out by the European "orientalist" feedback. France, in particular, came to define "traditional" Algerian culture as orientalist and imposed this cultural conceptualization through one hundred and thirty two years, not only by ruling over it as a colonial power, but also by settling it. In the years immediately following independence more than a million European settlers left. Using labeling

theory, Algerian culture was labeled “oriental” (Said, 1979) not only by the colonial administrators, but also by a substantial minority of the population, the European settlers. This left the culture of Algeria under the burden of “orientalism” to a much greater extent than found in other Middle Eastern cultures. The goal of Western development was to transform the orientalism into rational secularism. But, instead, the case of Algeria is one of schizophrenic development with a social system characterized by the existence, at each and every level, of parallel worlds, those of both orientalism and of rational secular modernity. Part of the social system remains trapped by western notions of orientalism and the other part is caught up with western notions of secular modernity. This is the post colonial dilemma for Algeria and no unified Algerian social system has been able to develop (Lacoste and Lacoste 1991). This is illustrated in Table 3 below.

<b>Subsystems</b>	<b>Functions</b>	<b>Structuring Elements</b>	<b>Processes</b>	<b>Actors</b>
<b>Cultural</b>	Orientalism -----	Orientalism -----	Orientalism -----	Orientalism -----
	Secular Modernity	Secular Modernity	Secular Modernity	Secular Modernity
<b>Social Organization</b>	Orientalism -----	Orientalism -----	Orientalism -----	Orientalism -----
	Secular Modernity	Secular Modernity	Secular Modernity	Secular Modernity
<b>Political</b>	Orientalism -----	Orientalism -----	Orientalism -----	Orientalism -----
	Secular Modernity	Secular Modernity	Secular Modernity	Secular Modernity
<b>Economic</b>	Orientalism -----	Orientalism -----	Orientalism -----	Orientalism -----
	Secular Modernity	Secular Modernity	Secular Modernity	Secular Modernity

**Table 3: Today's Algerian social system**

*1. The cultural sub-system:*

The cultural sub-system is made of abstract elements such as values, ideologies, knowledge and symbols. Its main function is the maintenance of the dominant cultural model (Lugan, 1983; 1996). It constitutes the source of significance of social actors’ actions and interactions and it is this grid of interpretation that has become problematic. The Algerian system of development by the elites failed and the values of rational secular modernity, which it intended to institutionalize, are rejected by an important part of society. There is no longer a dominant system of values and the Algerian society is characterized today by a state of anomie which creates a general feeling of meaninglessness, doubt, and incertitude.

*2. The social organization sub-system:*

Norms are central structural elements of this sub-system. The main function is the integration of all actors to society. Social norms control actions and interactions within the system. The social sub-system is closely related to the cultural sub-system, its abstract cultural elements being translated through the process of institutionalization into norms and models of action. The anomie that presently characterizes Algerian society expresses all the difficulty that the society has to translate into norms of action the values of orientalism or those of rational secular modernity. This situation leads to a psychosocial climate made of doubt and rejection of the political system that incarnates the so-called development project. The disillusion is great for those who inscribed their educational goals, professional goals or life goals in general in this development project.

### *3. The economic sub-system:*

Having to do with activities of production and exchange of goods and services, the function of the economic sub-system is to mobilize material resources so as to allow the system to adapt itself to its environment. It is through economic growth, based on a rational division of tasks and ever more complex technical innovations that this sub-system assures the adaptation of the social system to an environment in which consumption, performance and competitiveness needs are ever greater. Because of a political management of oil revenues that resulted in behaviors which constituted obstacles to a rational organization of labor, the economic sub-system has not been able to generate the expected growth and thus allow the social system to adapt to an environment ever more demanding. Outside the oil sector, goods and services are produced under the “orientalism” mode, with all modern elements of production, e.g. technology imported from the west (Baranson, 1981).

### *4. The political sub-system:*

The function of the political sub-system is to mobilize human and material means, coordinate and control social actors' actions in order to realize objectives that have a signification to the majority of the social system's actors. This is the system that defines policies, strategies and objectives. This function demands legitimacy and recognized competencies from political actors. The members of the collectivity must participate so that the majority of the population could adhere to the decisions that are made. The problem is that for too long, the political system has meant the sole unique political party and had not allowed for the participation of any other social force (Garcon, 1977). The result is a deficit of legitimacy as a characteristic of the political system that finds itself completely divorced from society at large.

## **A BLOCKED PROCESS OF CHANGE**

In each of the four sub-systems the consequences of the parallel social organization of “orientalism” and rational secular modernity locked the system into a society without direction. And it was the oil revenues which enabled this blockage to become entrenched. Oil revenues not only enabled the elites to sustain their political, social and economic position, but these revenues were also used to “buy” the silence of the people and allow the elite in power to pursue their social project without any problem. An enormous bureaucracy was established in order to manage these revenues. The State became a huge bureaucratic machine that organized the management of oil revenues in the sense that each “citizen” was receiving now “his part” of oil in the form of imported goods, housing, employment, education, and free health care (Ilich, 1983;1980). The providence State was born, distributing revenues without any counterpart. Thus, workers pretended to go to work without really working but feeling that employment was an absolute right; they received wages and demanded more. Students pretended to study without really making any effort to obtain knowledge and deserve their degrees. The State distributed benefits to production units that did not produce anything and pretended that they did. Everybody pretended, and in appearance, Algeria was developing. Oil revenues concealed everything. The people and the Providence-State tacitly accepted a sort of social contract. The State was satisfying the population's basic needs and the people did not interfere with the project of the elite. A seeming political stability was reached, and social peace seemed to reign. And the more oil prices went up, the more development took the appearance of reality. Oil revenues becoming important and consumption needs growing, the elite decided in the beginning of the 1980's to import more consumption goods rather than equipment goods. Workers still pretended to work, production units still did not produce but nothing mattered since supermarkets were full of consumption goods. Development was understood this way. And from confusion to confusion, notions of merit, work, competence slowly disappeared and Algerians expected everything from the State without having to make any effort.

Once oil prices went down, however, and the State became unable to satisfy all people's demands, the social, economic and political crisis became unavoidable. In October 1988, an unprecedented social unrest expressed people's dissatisfaction over the way oil revenues were managed. The elite were accused of embezzling those revenues. In April 2001, riots of a great magnitude swept the Kabyle region and then extended to other regions as well. Rioters were brutally repressed by armed forces. The rejection of an archaic mode of governance was clearly expressed but nothing

emerged.

The Algerian economy still is entirely dependent on oil and gas revenues. Oil and gas prices remain the determining factor of the economic policy of the State, the way State budget is elaborated and allocated to different sectors and the volume of the import program. Any fluctuation in these prices is immediately felt at all levels of the social system. The 1988 uprising and its dramatic consequences on the entire society were a direct result of a drastic fall in oil and gas prices. None of the reforms have resulted in any limitation of the weight of oil and gas revenues in the economy. Moreover, there is no indication that the State and the elite in power are willing to seriously consider an alternative to the rent economy that would change the productive structures in a significant way. The rent economy is basically structured around two big sectors. The first sector is made of oil, gas and their derivatives, and the second sector is constituted by all other economic activities. This latter produces almost exclusively for the internal market while it depends almost entirely on foreign providers for its needs in equipment, technology, spare parts and know-how (Emmanuel, 1982). Thus, internal market production is still locked into a postcolonial mode (Chauvin, 1997) of dependence on the West with no export capacity. The State allocates the revenues made by the first sector—oil, gas and derivatives—to pay the West for imports of equipment, technology and spare parts. Given this structure of the economy and the inability or unwillingness of the State to effect profound changes in order to reduce the reliance on oil and gas revenues as well as the reliance on imported equipment and technology, all the economic reforms initiated so far have not resulted in any increase in production or productivity, efficiency or competitiveness.

The State opened the sector of oil and gas to foreign investment in 1986 in order for Sonatrach—the State owned oil company—to benefit from the technology, expertise and know-how of its partners. The role of the sector of oil/gas revenues in the economy has been reinforced.<sup>1</sup> For this sector to play effectively its leading role in the economy, it is estimated that some \$20 billion would have to be invested in it. This would have to be done through foreign loans, thus increasing the level of indebtedness of Algeria. These investments, planned by Sonatrach, concern mainly the extension of oil and gas productive capacities. Algeria seems to have accepted the idea that the only way to induce economic growth is to invest in the sector where it is believed to have an advantage, the sector of oil and gas (Grimaud, 1997; Stolz, 1997). Underlying the structural adjustment plan negotiated with the International Monetary Fund (IMF) as well as the discussions initiated in 1993 with the European Union about a free trade zone, is this idea of specializing Algeria in one product, energy (oil and gas), which supposedly constitutes a comparative advantage.<sup>2</sup> The Algerian State's policy in this domain seems to confirm this option. This is in fact no different from the economic policy of the 1960's and 1970's that led Algeria to a very deep crisis. Given the shaping of the world according to a new division of labor, Algeria is basing its economic development on factors that probably no longer offer a sure comparative advantage. How could Algeria be inserted in the new world economy as a respected participant?

The economic program of the government, unveiled in January 2000,<sup>3</sup> is inspired by the main conclusions made by the IMF experts in 1998 regarding the implementation of the structural adjustment plan. The experts identified eight major axes where efforts have to be made:

- A greater public support to the privatization program;
- The modernization of the banking system;
- The establishment of property rights in agriculture and housing;
- The completion of the transfer of housing construction activities to the private sector;
- A revision of the judiciary system concerning bankruptcy and dispute procedures;
- A reform of the labor market;
- A restructuring of the educational system so as to adapt it to economic trends;
- The continuation of the liberalization of trade, services and movements of capital.

This program, which is very vague, with no clear timetable and quantified objectives, remains once again very dependent on oil and gas revenues. This is why the government introduced two new features. The first one concerns the opening of sectors previously considered as strategic-- mining, energy and telecommunications-- to national and foreign investment and partnership. The second, and most important feature, is the intention to review with foreign partners and international institutions, the treatment of Algerian foreign debt, politically and economically, in order to achieve a substantial reduction. The expected hypothetical gains would enable the government to fully implement its program. Once again, the economic program relies heavily, if not totally, on uncertain levels of revenues in oil and gas and sources of financing from foreign investment and a hypothetical reduction in foreign debt (Chinweizu, 1989; De Solage 1992). No new path to development is explored and no new possibilities are identified. The solution to the crisis

seems to be a policy of “more of the same.” This policy leads once more to the same consequences. In April 18<sup>th</sup>, 2001, the anger of young Kabyles exploded after the assassination of one of their members by a police officer at the police headquarters. Constantly refusing submission to any “foreign” power, the Kabyles have forged for themselves, throughout history, a singular personality that expresses itself through a particular culture and language. Their attachment to a type of “primitive” governance but nevertheless a participative one in the form of a village coordination called *arch*, is very tenacious. The management of the confrontation with the central power, which has resulted in tens of deaths among young Kabyles, was exclusively entrusted to the *ârchs*; the political parties which were supposed to have their roots in the region were superbly ignored. The new and important element that must be noted here is that the demands of the demonstrators expressed preoccupations common to all Algerians and above all, the rejection of the archaic mode of governance that has characterized independent Algeria. In its March 1996-March 1997 report, and before its mission was ended, the mediation of the republic reported citizens' preoccupations and demands which reflected in its entirety the dissatisfaction with this mode of governance of public affairs. The following is a summary of these preoccupations (Mediator of the Republic, 1997):

- Financial revenues are unequally distributed to regions, cities, villages and neighborhoods'
- Entire neighborhoods or housing ensembles, especially in rural areas, remain unconnected to water networks;
- When the connection exists, the distribution of rare water resources to neighborhoods, villages or cities is unequal;
- In some areas, rare water resources or natural sources of water are simply appropriated by private interests;
- The same claims, but to a lesser degree, are expressed about power distribution;
- The repeated, unplanned and unmotivated increases in water, power and telephone bills have resulted in the rapid degradation of the purchasing power and standard of living of low and middle-income social categories;
- Some rural areas and villages are isolated because of poor road conditions;
- Educational and cultural infrastructures are nonexistent in some rural areas and villages. When they exist, they are in very bad shape, poorly managed, under financed and “lifeless;”
- Economic actors, especially public firms, pollute the environment without any regard or consideration for citizens' health;
- Some private interests transgress land laws for the purpose of speculation without any sanction;
- Economically, some areas have become disaster areas because of the high unemployment rate that characterizes them. The situation is getting worse because of many public firms' bankruptcy or restructuring leading to the laying off of entire cohorts of workers;
- Because of poor financial situation or ill management, local administrations are unresponsive to citizens' claims and preoccupations.

These issues raise the question of the meaning of citizenship and even “civility” in the context of blocked development. An example is the problem of “social housing” meant for low income categories. It is probably the one that angers the most citizens who complain that this type of housing is distributed in total opacity, that the number of projects is insignificant compared to their needs and that the delays in the realization of these projects are very important. Citizens have been adopting all kinds of protest actions that became more and more violent, often taking the form of uncontrolled riots resulting in heavy damages.

In relation to this problem, citizens often complain about the behavior of those who are in charge of the allocation of social housing. Among other things, they often refer to: the lack of courtesy and respect vis-à-vis modest citizens; the non-consideration of citizens' appeals concerning decisions of allocation; the favoritism of certain persons at the expense of others; the repeated allocation of housing to persons unqualified for social housing but who take advantage of their position of power or influence and the allocation of unachieved housing.

In addition, citizen complaints indicate a breakdown of the bureaucratic system in: the allocation of the same apartment to more than one person or family; the loss or disappearance of part or all the documents pertaining to citizens' application file; the disrespect of criteria of evaluation of the application; the nonexistence of committees of evaluation in certain areas; the cancellation of decisions made by previous deciders without any motive. For most of the citizens concerned by social housing, people involved with the process of allocation of this type of housing, at every level, purposefully adopt frustrating behavior in order to make the applicant understand that the only way to get their application processed and then possibly get ranked among the beneficiaries of social housing, is to pay them a bribe. In fact, people have come to expect this type of behavior at every encounter with the system.

The psychosocial environment of the system is made of intolerance, exclusion, and violence (Garcon, 1997a) vis-

à-vis all that expresses difference. The social actor is no longer able or willing to make a decision, express an opinion or take position in any given situation. The end result is a blocked process of change and a serious crisis of governability. The problem of development in Algeria now, as well as in other third world countries, is that of governance (Box, 1998; Renault, 1993; Mellon and Weydert, 1993; Wieviorka, 1993). This has emerged as a central one at the end of the 20<sup>th</sup> and the beginning of the 21<sup>st</sup> century.

## THE CONTEXT OF GLOBALIZATION

This problem of governance is coupled with the process of globalization as defined by a unified global market based on the same principles and rules.

Globalization is a heavy tendency, taking today the form of the expansion and the primacy of the world market and first of all the world market of capital. The very advanced forms of organization of capital that are multinational firms have marked out and organized this space. Globalization is the major form of the new modernity. Through it is achieved the economic and social modernization, access to new technologies, new ways of producing. It also bears a political modernization. With the new definition of political freedoms and the minimum democracy -pluralism and multipartism, free elections, freedom of information- emerges in fact what could constitute a new international norm of democracy (Massiah, 1997; translation by Dr. Bouguetta)

Globalization provides a larger context in which to examine the internal conditions in Algeria. Does the process of globalization provide an opportunity for Algeria to overcome its crisis and the blocked process of change or will it contribute to the aggravation of the crisis?

Transnational processes that are not inherently new but which have become more powerful than ever drive the system. Movements of populations, flows of communication, propagation of ideologies and systems of thought, movements of goods, technologies, and capital have a long history. But what is unique in the present state of the world is the possibilities that new information and communication technologies offer in transcending national and cultural barriers that have so far stood in the way of the capitalist system's rapid expansion. Historically, religions, armies, multinationals as agents that helped expand capitalism, had been all confronted by resistance from territorially based and politically organized communities (tribes, nations). Ultimately, the modern world, understood as an ensemble of principles, rules, and values. The processes of empire building, colonization, multinational expansion has come to be confronted by the very modern nation-states that it created as well as to culturally based minorities that feel marginalized or excluded by the process of modernization (Elliot, 1999; Dupuis, 1991; Guichaoua and Goussault 1993).

While developed countries are searching for ways to adapt to the world and to assure to themselves a very substantial share of the economic growth, third world countries are more than ever entangled in an inextricable web of social, economic, political, and cultural problems. The multiplication of transnational flows and the end of the cold war have resulted in the weakening of the secular rational model of nation-states. In Africa more than anywhere else, populations are busy dismantling this model established during the sixties with the movement of decolonization. The modern nation-state is a political system where judiciary, legislative, and executive functions are centralized within a national government. In theory, the system allows for an egalitarian participation of all citizens. A feeling of belonging to a national community constitutes the bridge between society and its government. Nationalism expresses the willingness to defend the interests of the community. This presupposes that the nation is clearly defined, that its interests and values are above anything else, and that its independence must be preserved. The modern nation-state in Africa, and notably Algeria, has been greatly undermined by the combined effects of transnational flows and the inability of development projects to deliver on promises of a better life for the majority of people. Secular rationalism as a homogenizing process has failed. The legitimacy of elites controlling judiciary, legislative, and executive power is called into question. The bridge between government and society is broken. Differences that were hidden for a long time suddenly reemerge. There are no longer shared values; ethnic, cultural, religious, linguistic and even historic differences are emphasized.

The weakening of the distributive capacity of nation-states aggravates this process. The 1980's were qualified as the lost decade for development. Almost everywhere in the third world, per capita income began to decline from 1980 after having increased from 1960 to 1980 (Brisset, 1997). Inequality remains then one of the main characteristics of today's world economy. The 3 billion people of the poorest countries of the world dispose only of 5.4% of the total

world revenue. Industrialized countries, which represent only 15% of the world population, control 80% of the world revenue. Sub-Saharan Africa in its entirety disposes of less than 1% of the world revenue (Brisset, 1997).

It is no wonder, under these circumstances, that rational secular modernity as a homogenizing process has failed and that its political expression, the modern nation-state, is now widely called into question in many poor countries. New types of nationalism are born which do not necessarily emphasize a system of identification to a given territory, but rather often refer to a cultural or religious space to which a given community would belong. In other words, if the modern nation-state supposed the existence of a clearly defined territory with legitimate borders, this is not always a prerequisite for new nationalism. New "worlds" are referred to as more meaningful spaces of identification. In this increasing state of anomie resulting from the weakening of the modern nation-state, there is a multiplication of competing systems of identification, each trying to positively link political sovereignty to a cultural or religious entity. The "old fashioned" nationalist elite whose objective was modernity is obliged to recycle itself by adopting a cultural or religious stance that would give it a new capacity for mobilization. By so doing, the elite contributes to the weakening of the modern nation-state while at the same time giving legitimacy to reactive nationalist models that heavily invest in tradition. Very often, we are witnessing the reconstitution, throughout the third world, of an alliance of "recycled" elite and emerging elite with no clear project of society and whose common denominator is a new brand of populism that invests in tradition as a source of legitimization but has absolutely no concrete solution to the problems of the society at large.

In the Arab world, the collapse of the socialist model left the old nationalist elite with no choice but to call on tradition, often in the form of orientalism, in an effort to remobilize populations. In Algeria, the rise of Islamism as a vector of identification, made the old elite play the card of Arabic as the sole official language antagonizing at the same time communities that spoke or used other languages, "...nationalism has remained a deeply problematic enterprise" (Said, 2000b, p. 295). Arab nationalism is everywhere showing signs of weakening while at the same time Islamism is everywhere on the rise. With transnational flows undermining the nation-state whose project, modernity, has failed to translate into a better life for the majority of people, and the fear of these populations of being once again excluded from the postmodern world that is in the making, a considerable portion of the population adheres to an Islamist system of identification. This latter is perceived as the surest rampart to oppose the West where, in their minds, the "evils" of modernity originated. Once again a postmodern world is "engineered" that promises to be even more "satanic." Globalization is thus thought of as westernization. Moreover, since the fall of the communist pole, the world is perceived as becoming a unipolar world, and globalization is thus understood as Americanization. This process is portrayed as a "McDonaldization" (Ritzer, 1993) of the world, that is a standardization of cultures according to American norms and values (Mattelart, 1997). The United States has taken over the imperial role on behalf of modernization (Said, 2000a, p.190-1) and is hated for it.

## CONCLUSION

The current situation, however, cannot be understood as the "clash of civilizations." According to Said (2001) it is not a clash between the West and Islam. Nor is it that Muslims are "convinced of the superiority of their culture and obsessed with the inferiority of their power" as Huntington describes it (Said, 2001). Said wants to emphasize the parallels between the West and the East, and these parallels exist internal to the Algerian society. The prohibition of satellite dishes by the Islamic regime of Iran and the similar efforts of Islamic groups in Algeria are but an attempt to deny the existence of both secular rational modernity and orientalism.

In Algeria these parallels have not resulted in connection, but rather in bifurcation. But with all its contradictions and the reaction of opposition to it by all those who feel excluded, the process of globalization is led by very powerful forces that will necessarily call into question the social, economic, political and cultural condition of people in the third world and thus in Algeria. In Algeria, however, the only thing that the common person is convinced of is the chaos and bankruptcy of the existing order.

The mode of governance of the development process must now be revised. The top-down mode, and its corollary the citizen being taken for a "cultural idiot," are no longer acceptable. The power elite in Algeria continues to resist this necessary change. The latest revision of the penal code seriously limiting the freedom of the press as well as the government proposition of a revision of the law in order to limit lawyers' independence are but a clear expression of this resistance. But the rejection of the archaic mode of governance by citizens is also very real. The issue of development in fact meets that of democracy and more particularly that of a democratic governance (World Bank, 1992).

But a fundamental fact, not at all quantifiable, whose consequences are far more serious for the present and the future of the third world, is the feeling of powerlessness of third world people and their profound belief that they have no solution to the great challenges as the elimination of poverty, ignorance, diseases, etc. This state of mind, a qualitative variable, cannot be included at the present time in the calculation of the human development index but, as Edward Said puts it, “it is better to think in terms of powerful and powerless communities, the secular politics of reason and ignorance, and universal principles of justice and injustice” (Said, 2001), than to simplify the issue to one of East vs. West; Islam vs. Christianity or globalization vs. anti-globalization. Those who were in charge of the development of the third world have a great responsibility in this state of mind. Third world elites have always blamed the developed countries for all the problems that face them, but they never address the contradictions of their own societies. At the same time, their faith in the developed countries’ models of development remains profound. Thus, to address the problems of their countries, they automatically turn to the developed countries for ready made and prepackaged technologies, techniques and processes that they think would be the solution (Cordellier, 1997a; 1997b). To gain access to this “solution,” third world elites have to deal with a complex world system whose mechanisms they often do not comprehend or do not master. By the time they have made more political concessions and got more indebted, they often realize that “the solution” is obsolete or inadequate because their reality is so different from that for which the solution was prepared.

With globalization third world problems have become more complex and the legitimacy and credibility of the elite are questioned. This is the case of Algeria where orientalism and rational secularism have locked the country into a bifurcated social system. The economic sub system is ever more dependent. There is no unified dominant culture model so that the culture as well as the social organization are fragmented. The deficit of legitimacy of the state and of the elite are such that the state cannot function in its most essential role of keeping the peace. Violence became chronic in Algeria. And violence in the context of a bankrupt state, begets ever more violence.

#### ENDNOTES

1. See *The annual report March 1996-March 1997* of the mediator of the republic, the presidency of the Algerian republic. *Rapport annuel, Mars 1996-Mars 1997*, Médiateur de la République, Présidence de la République Algérienne.
2. *Economie algérienne: les enjeux et les choix à moyen terme (1996-2000)*, realized in 1996 by a group of experts from different sectors and coordinated by the finance minister and the economic affairs advisor of the presidency.
3. *Demain, l'Algérie*, Ministère de l'Équipement et de l'Aménagement du Territoire, 1995.

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