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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

25X1

30 August 1963

MEMORANDUM FOR THE ACTING DIRECTOR

SUBJECT: Short-Term Outlook in Algeria*

SUMMARY

A war-weary Algeria has made some progress in restoring a semblance of order to the chaos resulting from the revolution, but formidable administrative and economic problems remain. The country will remain heavily dependent on outside aid, especially from France, for a long time to come. Ben Bella has largely eliminated his political rivals and, aided by his personal popularity, by a widespread desire for order and by support of key elements of the military, will, in all probability, be President of Algeria by the end of September. We do not think he is likely to be severely challenged for control of the country in the near future. Severe strains in Franco-Algerian relations will probably arise over French nuclear testing in the Sahara but we believe the benefits to both sides of the current relationship will prevent a rupture.

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* NIE 62-63, "Algeria," due for USIB consideration in November, will deal with this country in greater depth and on a longer time span.

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Introduction

1. The changeover from a territory run by and for the benefit of the French to an independent Arab state has been so drastic and all-encompassing as to have forced the leaders to concentrate on day-to-day necessities. There has been little time or effort to put into basic problems of long-term economic viability and of creating employment opportunities for the masses of jobless workers. Unsettled conditions also make it difficult to obtain reliable information on many aspects of Algerian life, especially on economic developments and on the attitudes of the leaders. Even the short-term judgments in this memorandum are therefore somewhat tentative.

2. Few newly independent countries have begun their existence with the handicaps which faced Algeria in the summer of 1962. Eight years of civil war had killed many tens of thousands, caused mass dislocations of population, and disrupted both rural and urban economies. The exodus of 90 percent of the Europeans left a serious shortage of technical and managerial personnel, which affected agricultural and industrial production and left administrative chaos in the cities. There was more than a little likelihood that competition for power among Algerian

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leaders would result in renewed fighting. In the past year, however, the Algerians have avoided the worst dangers and have made some progress toward stability. Law and order has been generally established; the rudiments of an administrative system are beginning to fill the gaps left by the departing French; some progress has been made in reactivating what remains of formerly French enterprises; political violence has been avoided.

The Present Situation

3. The short-term problems facing the regime remain substantial, however. The country is still plagued with massive unemployment. The government is critically short of revenue and will have to resort to stringent austerity measures to avoid budget deficits of a magnitude which would spark inflation. Trained manpower for all sorts of activity -- industrial, commercial, agricultural, and administrative -- is in woefully short supply. Algeria continues to be heavily dependent on outside aid, principally from France in the form of money grants. Even in a year of a good harvest like the present one, the food supply is inadequate and the US is providing food for a work program to feed some three to four million people. The

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rate of population increase is one of the highest in the world. In these circumstances, the Algerian political leadership recognizes the vital role of foreign aid in avoiding financial chaos and widespread starvation.

4. The Algerian people, exhausted by the rigors of the rebellion, are willing, indeed looking for guidance from their leaders, but so far this has come only in generalities. Algerian leaders have been educated in a school of clandestine activity, revolt and terrorism, and had no previous experience in the tasks of state administration. Lines of authority are confused and many specific problems, such as tax collection and local administration, are far from adequate solution. Nationalized properties have been turned over to workers committees which often have little notion of how to run them.

5. The principal political development in the period since independence has been the concentration of power in the hands of Prime Minister Ahmad Ben Bella. Ben Bella has played his cards skillfully to eliminate or neutralize most of his potential political rivals. Several things have helped him to entrench himself in power. In the first place, Ben Bella is personally popular; as a revolutionary hero he caught the

imagination of especially those in the countryside. Secondly, he has thus far had the cooperation of key elements of the army and in particular its leader, Colonel Houari Boumedienne. Thirdly, eight years of bloodshed and turmoil have left people in no mood to see an outbreak of partisan quarrels so soon after the achievement of independence.

6. Ben Bella himself typifies the "modern" Algerian. He is of rural origin, and feels strongly that land re-distribution leading to a better life for the peasantry is an immediate need. He is more politician than administrator, tends to shun routine work, and sees himself primarily as a leader and inspirer of the Algerian masses. His bent is to govern on authoritarian and state socialist lines, but his political principles appear to be hazy and his ideas about concrete economic and political measures largely undeveloped.

The Outlook

7. Ben Bella is now pushing through a constitution which will give wide powers to the President. The regime intends to follow up a nationwide referendum on the constitution promptly with elections which will almost certainly return Ben Bella to

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the office of President. Other political elements are being given no opportunity to present their own ideas of what Algeria's future political system should be. In consequence, a number have quit the country or the political arena, convinced that they cannot beat Ben Bella and unwilling to join him in a subordinate role. The latest, and perhaps most notable, "defector" is Ferhat Abbas, who has long been devoted to a parliamentary form of government. By the end of September Ahmad Ben Bella will be President of Algeria with most of the effective instruments of control in his hands.

8. There will continue to be rumors and perhaps some preparations for armed rebellion to Ben Bella's regime on the part of disillusioned leaders.

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We do not rate very highly the chances of a successful armed rebellion, chiefly because there does not seem to be much enthusiasm for further struggle and bloodshed. Indeed, the only place from which a significant challenge to Ben Bella might come is the army. This

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could occur either if it remained under Colonel Boumedienne or if it split into factions. There are some signs of friction between the two men, but we do not know yet how serious they are or whether Boumedienne would presume to challenge Ben Bella. For one thing he lacks the latter's popularity; for another a direct challenge would risk civil war which would be unpopular and which he has no certainty of winning. There is some possibility that the problems Ben Bella faces could mount up so as to cause a virtual breakdown of authority. Such conditions could lead to military intervention but, on balance, we believe this is unlikely in the near future.

9. Algeria's relations with France are likely to be of critical, if not vital, importance for some time to come. The present arrangement is an eminently logical "marriage of convenience" whereby France contributes substantial sums (\$340 million since January 1963) for budgetary support and development in return for the opportunity of maintaining a sizeable measure of French cultural and commercial interests in Algeria. Moreover, the Evian accords, which sealed Algerian independence, gave France the use of the Sahara nuclear test sites. In the wake of the test ban treaty, further French tests in the Sahara will cause severe strains in

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Algerian-French relations, particularly because Ben Bella will be under pressure from other African states to protest violently. We believe, however, that, because of Algeria's desperate need for French financial assistance and because of the French desire to maintain a presence in Algeria, these frictions will probably not lead to a rupture of relations.

10. In the unlikely event that a French-Algerian rupture did occur, Ben Bella would probably turn at least initially to the West, chiefly the US, to take over most of this French role. However, the Bloc -- which has confined its assistance in Algeria largely to technical aid and education so far -- might seize the opportunity to play a larger role than heretofore. Ben Bella would no doubt accept substantial Bloc aid if he judged it economically sound and without political strings.

11. US-Algerian relations are likely to be subject to strains, as the Algerians, in their capacity as successful revolutionaries, have a compulsion to support all varieties of revolutionary action elsewhere, especially in Africa. This support may from time to time bring Algeria into conflict with the US in the UN, say, as the US strives for a moderate approach to problems in the southern Africa scene. The Algerians also see

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Cuba as a revolutionary country struggling against big-power domination and this attitude will probably bring on some diplomatic clashes with the US from time to time. The same is true in respect of the conflict in Vietnam. However, Algerian sympathy for Hanoi appears to spring less from ideological considerations than from an emotional feeling of solidarity with others who have faced the tender mercies of the "paras" and the Foreign Legion.

FOR THE BOARD OF NATIONAL ESTIMATES:



ABBOT SMITH
Acting Chairman

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Memorandum

TO : The Director

DATE: 5 September 1963

FROM : The AD/NE

SUBJECT: Attached Memorandum for the Acting Director, "Short-Term
Outlook for Algeria"

This was prepared in response to a request by the Director.

Since an NIE on Algeria is in prospect for November, we suggest
that distribution of this memorandum be made only within the Agency.

CONCUR: _____
Deputy Director/Intelligence