

Algeria: Free Press, Opaque Political Economy

One of the bright spots in Algerian politics since 1988 has been a vibrant printed press, privately owned in large part. Readership in both French and Arabic forged rapidly ahead of those in neighboring countries in the late 1980s, and Algeria exemplified the freest press in the region. During the Islamist insurrection readership plummeted but then recovered slightly in 1998, the last year of available World Bank statistics. Morocco, experiencing a gradual political opening after 1996 and a more diversified press, was now catching up with Algeria, although Moroccan literacy rates were much lower.

Comparisons between Algeria and Tunisia are perhaps more instructive because the two countries have roughly similar literacy rates, but the latter has a much duller, controlled press and less readership.

This paper will try to explain why Algeria's press still attracts fewer readers than might be expected, given its contents and levels of public literacy. First I will illustrate how freely it operates, compared to its Maghribi counterparts, by examining how the Algerian press treats its president, Abdelaziz Bouteflika, and how it handled the news of the failure of a big Algerian private sector conglomerate, the Khalifa Group. But I also argue that press readership may reflect not only the relative liberty of the press but also the possibilities of the readership to respond to the news by engaging in forms of collective action. Newspaper readership is largely a function of per capita income, but within a given economy, at least along the Southern Mediterranean, it also tracks pretty well with political openings and closures in a number of Southern Mediterranean countries for which World Bank data are available 1980-1998 (Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, Syria, and Tunisia). The shadowy Algerian leadership may have decided that newspapers are a harmless safety valve for the chattering classes, whereas the "heavy" broadcasting media are kept pretty fully under state control (as newspaper reports about the Khalifa Group indicate). Selective liberalization may offer better prospects for the development of public opinion and democracy in Algeria than the more restrictive policies followed by its neighbors, but core political and economic structures remain opaque despite a free press. Data and impressions expressed in this paper were gathered during a field trip to Algiers, Constantine, and Oran in January and February of 2003.

I once criticized Tunisia's "information-shy" regime on the ground that it would ruin the country's prospects for attracting private investment, domestic or foreign (Henry 1998). The situation may be worse today: the country is apparently being ruined economically in part for lack of any public opinion that might stop the pillage.¹ But the Algerian situation is just the reverse: the pillage continues despite a relatively free press

¹ Compare, for instance, the treatment of the bankruptcy of the BATAM group in *Réalités*, May 3, 2003, "**Adoption du plan de redressement : La relance de BATAM sera-t-elle durable ?**" (<http://www.realites.com.tn/index1.php?mag=1&cat=/12222211222220LA%20VIE%20DE%20REALITES/1Lufthansa&art=6313&a=detail1> viewed on May 3, 2003) with Nouri Hendaoui, "Tunisie: Comment s'enrichit le clan Ben Ali?" *Le Matin* (Algiers), February 9, 2003 (http://www.lematin-dz.net/quotidien/lire.php?ida=1813&idc=9&imageField_x=9&imageField_y=9) also reproduced in *L'Audace de Tunisie*, no. 97 (March 2003).

that is indeed one of the country's real political assets, but that cannot shed much light on an opaque set of ruling political and economic institutions. The more the press criticizes them, the less they seem to change. What is going on? Oran, the relaxed capital of Algerian *trabendo* as well as summer tourism, seems an ideal setting for discussing the anomaly of a free press in this country.

At least Algeria's press is freer than Tunisia's and less inhibited, too, than Morocco's, where the red lines are firmly established. To be sure, journalists operate under tremendous legal and physical constraints in Algeria, where some 57 of them lost their lives in pursuit of their professional duties between 1993 and 1996. Five others "disappeared" between 1994 and 1997. Although none has actually been jailed since President Bouteflika took office in April 1999, some get beaten up by local hoodlums, and many more are pursued in the courts on various grounds, including "defamation" of high government officials, for which draconian penalties were introduced in a 2001 amendment to the Penal Code that has yet to be applied.² On balance, conditions seem to have greatly improved since 1997, as state security is no longer invoked to muzzle the press. As Brahim (2003 online) explains,

Après les massacres terroristes de Ben Talha, les autorités ont compris que la presse pourrait aider le pays à sortir de son isolement et la circulaire du président de la République a permis, en décembre 1997, des assises de la presse. Le ministère de la Communication a annoncé la création de chaînes privées de radio télévision et l'adoption d'un projet de loi sur la presse très favorable à la liberté d'expression.

Other contributors to *Le Quotidien d'Oran's* online Press Dossiers also observe an increasingly vibrant privately owned press even while sharply criticizing both the authorities and the press for the latter's shortcomings. Robert Menard, one of the most vocal professional French critics associated with Reporters Sans Frontières, apparently toned down his observations after a visit in 2000 (Rebah 2002: 207-210). Available data from the World Bank's *World Development Indicators* (online: https://publications.worldbank.org/register/WDI?return_url=%2fextop%2fsubscriptions%2fWDI%2f) point also to some increases in circulation since 1997.

Figure 1 compares newspaper consumption in the North African countries since 1970. Readership in both French and Arabic expanded more rapidly than in Algeria than in neighboring countries in the late 1980s, apparently because Algeria exemplified a

² For details see U.S. State Department, Human Rights Report 2002, Section 2a, a. Freedom of Speech and Press (<http://www.state.gov/g/drl/rls/hrrpt/2002/18272.htm>). Reporters Sans Frontières reported a local attack on a journalist in a July 23, 2002 release: http://www.rsf.fr/article.php3?id_article=3086&var_recherche=Algeria) and cited other incidents in its 2002 Annual Report on Algeria: http://www.rsf.fr/article.php3?id_article=1431 (May 3, 2003)

genuinely free press. After 1990, however, readership declined, very slowly at first but then catastrophically after 1994, and seems to have recovered only very slightly in 1998, the last year of publicly available statistics and also the year that a more liberal press law was introduced. More recent data, not available from the World Bank database reported in Figure 1, suggest further recovery since 1998. If Brahim's (2003) newspaper circulation figures are reliable, Algeria's 30 million people were consuming at least 1,300,000 newspapers in 2000-2001, or 43 per thousand people,³ just two short of the 45 per thousand consumed in 1994. By 2002-2003 circulation figures seemed to be back up to those of 1991. The recent data are reported in Table 1 but should be viewed with caution as a worksheet in progress.

Further cross-country analysis of newspaper circulation suggests that Algerians may still be consuming fewer newspapers than their wealth (per capita income) and literacy levels would predict, not unlike their Tunisian neighbors and a number of others in the Middle East and North Africa. A regression of these factors was run on newspaper readership for the 111 non-OECD countries for which 1998 data were available, so that predicted scores could be compared with the actual ones reported in Figure 1. Table 2 compares the predicted with actual readership scores. In North Africa Egypt had higher readership than its wealth and literacy predicted, but it was poorer, with less literate citizens, than Algeria, Libya, Morocco, and Tunisia, where newspaper readership was less than predicted. The table also shows that readership was less than these factors predict for Syria, Iran, Iraq, and Saudi Arabia, albeit not for Lebanon, Jordan, and some of the smaller Gulf states. The little Arab states tend to be a bit more open than the others, suggesting that politics may explain some of the differences in readership.

We take the Political (rather than Civil) Freedom scores assigned by Freedom House to be a proxy for the degree of a regime's authoritarianism along one key dimension, the ability to participate and have an impact on a country's politics. It is this participatory dimension, rather than abstract liberties of individual and associations (civil freedom) that has the more significant impact on newspaper readership. The regression of Political Freedom, per capita income, and literacy on newspaper readership explains about 61% of the variation (adjusted r-squared) in the latter variable, whereas wealth and literacy alone explain about 53%.⁴ In other words the effects of authoritarian government

³ Table 1 reports a total daily circulation average of 1,492,000 in 2002 by adding up the estimated circulation figures of an incomplete list of dailies reported in Media Directory of the US Embassy Public Affairs Office. M'Hamed Rebah (2002) reports a total daily average of 1.5 million for 2002.

⁴ When the regression of all three variables is run, each independent variable turns out to have a significant impact on readership, controlling for the other independent variables. The following SPSS output summarizes the results:

(in minimizing channels of political participation) explain an additional 8% of the variation in readership. Column D in Table 2 shows the predicted newspaper consumption taking this additional variable into account. Every one of the MENA regimes listed in the table except Jordan and Yemen is sufficiently “authoritarian” in this sense to register a cut in the expected value of its newspaper consumption. Actual Algerian newspaper consumption seems just about “right” by these estimates. Column D reports its predicted value to be 42.8 newspapers consumed per thousand people. While this is more than the actual value recorded for 1998, it is almost exactly what Brahim estimates for 2000-2001. Tunisia, of course, still falls far short of its predicted value, as does Libya, whereas Morocco and particularly Egypt do better, given their respective limitations.

If Algeria is consuming roughly the “right” amount of newspapers for its levels of economic development, literacy, and political freedom, it still seems odd, however, that the authorities are encouraging private newspapers rather than repressing them. Table 2 suggests that the political variable ought to work against newspaper readership just as much in Algeria as in Tunisia, for instance, when the other factors of wealth and literacy are controlled. Each country scores only a 6 out of a possible 7, the lowest score on Freedom House’s political freedom scale. Why in fact is the regime not beating down on the press as in Tunisia or various other countries included in Table 2?

Part of the answer may be that Algeria desperately needs international approval and support in its war against terrorism. Indeed the Armée Nationale Populaire (ANP) joined forces with some academics under the umbrella of the prime minister’s office to sponsor an international Conference on Terrorism in Algiers from October 26 to 28, 2002. General Mohammed Touati, the reputed political brain (“*mukh*”) in the ANP’s general staff, coordinated with the academics and personally presented a paper, as did another general, two other officers, and Algeria’s police chief. Algeria’s top political

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	45.027	13.579		3.316	.001
LIT98	-.603	.258	-.169	-2.335	.021
Per Capita GDP 1998	9.653E-03	.001	.639	9.221	.000
Political Freedom 1998	-4.738	2.332	-.131	-2.032	.045

a. Dependent Variable: NEWSPAPE

When a regression was run substituting the Freedom House Civil Liberties variable for the Political Freedom variable, the independent variables explained only 59.9 per cent of the variation (adjusted r-squared) in Newspaper readership, and Civil Liberties had a t value of only 1.3, significant at the .2 level.

leadership addressed the conference, as did former prime ministers of Algeria and neighboring Tunisia. The conference was one of a number of events in the post September 11, 2001 period intended to alter Algeria's international image by showing how Algeria had been suffering from the maladies of international terrorism now shared by the United States. Retired General Khaled Nezzar, who attended the conference, was also involved in a series of law suits and counter suits with the French media in Paris, and Chief of Staff Mohammed Lamari gave a number of press conferences in efforts to counter malicious propaganda against the ANP.⁵

But internal factors must also be at work to explain Algeria's newly discovered liberalism with respect to information. After crackdowns in the mid-1990s the regime has not only permitted but indeed positively encouraged the privately owned press to weave its tales about domestic politics. It subsidizes the privately owned press by giving it access to state-owned presses, advertising revenues, and inexpensive materials, enabling them to produce 24-page layouts that are sold to the public for only 10 DA per copy – 10 to 15 US cents depending on one's rate of exchange. While the subsidies are a possible source of indirect control over much of daily press, the leaders – *El Khabar*, *Le Quotidien d'Oran*, *Liberté*, *Le Matin*, *El Watan*, and *Le Soir d'Algérie* – are all big enough not to rely on the Agence Nationale d'édition et de publicité (ANEP), the agency in charge of distributing government publicity contracts.⁶

The hypothesis that I wish to explore is that the press actually helps Algeria's embattled political elite to limit real political participation by offering the literate middle and working classes excuses for political inaction. This idea of course runs against the prevailing wisdom that media encourage political participation, an insight that has been virtually sacrosanct in the lexicons of political science since the days of Daniel Lerner's *Passing of Traditional Society* (1958). The media, according to Lerner, Karl Deutsch, Samuel Huntington, and many other modernization theorists, are supposed to engender a variety of aspirations. Huntington considered media exposure, along with other indices of modernization, to be politically destabilizing unless the economy expanded sufficiently to absorb socially mobilized individuals. Rising frustrations would foster political protest and insurgency. But here is the rub. Such scenarios of political mobilization were quite plausible in the 1960s and 1970s in much of what used to be called the third world. Subsequent debt crises and the end of the Cold War competition for these "grey areas," however, have altered their climate of hope and expectancy. In post-modern society, that is, in societies that were obliged to give up the hopes of the 1960s, a familiarity with politics may bring with it a greater sense of inadequacy and distrust rather than the sense of efficacy and desires to participate in politics that

⁵ The most malicious propaganda is invented by a cashiered Algerian lieutenant of the Special Forces, Habib Souadia, with the help of his publisher, in *La sale guerre* (Paris: Editions Découverte, 2001). For the story behind the fabrications of his tales, see the account by the ex-officer's ghost writer, Mohamed Sifaoui, *la sale guerre: histoire d'une imposture* (Batna: Chihab Editions, 2002). The Algerians missed the deadline, three months from the date of publication, for instituting a libel case against the French publisher.

⁶ Circular no 1789 of 22 Sept 2002 requires that all local collectivities and public establishments use ANEP for institutional publicity financed by the state! *El Watan* reported on February 10, 2003 (p. 4), however, that the Confédération Algérienne du Patronat was urging the government to lift this requirement.

modernization theory had projected (in tune with our American optimism then, too).⁷ Karl Marx has a suggestive passage somewhere to the effect that the more one engages in politics the less aware one becomes of social evils (cited by Sheldon Wolin, *Politics and Vision*). In post-modern Algeria the screw turns more tightly, inverting the modern order of things: the more aware of politics, the less likely one becomes of desiring to engage in them. On this view the newspapers ultimately serve the regime by casting aspersions on the entire set of individuals who hold power. The more frequent and varied the criticisms, the greater the general climate of distrust, discouraging people from engaging in any collective action that might endanger the system.

The Algerian press seems to perform this function of political demobilization. Its messages, at least in the French press,⁸ are indeed quite outrageous toward all authority figures. My favorite was the 29 January 2003 issue of *Le Matin*, one of Algeria's leading dailies: on the front page at top is the headline "Bouteflika implicated in an affair of kidnapping children" and then below the newspaper banner a headline in even larger print: "The UGTA declares war on Bouteflika."⁹ Following up on the kidnapping story (p. 3), it turned out that the "scandalous practices to which the President of the Republic is closely connected" have nothing to do with pedophilia. They instead pertained to changing the law so as to permit children of divorced parents to live with their mother abroad without the consent of the Algerian father. The president was simply trying to defuse a crisis with Belgium by permitting two children to return to their mother. The "war" on Bouteflika concerned an entirely different matter: Algeria labor leaders were discussing whether to call a general strike to block reforms to change the law on foreign investment in the oil and gas sector and to accelerate the privatization of other public sector industries. To beef up circulation, Algeria's yellow press seems ready to write anything about the president. *Le Matin* was by no means alone in this respect, but rather than cracking down again on the press, the authorities responded by launching pro-Bouteflika newspapers such as *L'Expression*, which display equally colorful first pages but with a different spin. On January 29, for instance, it headlined white on black: "Sidi

⁷ Leca et al (2001: 213 esp. n. 15) observe the sense of helplessness in Algeria – epitomized in the dilemmas of a psychologist saying "don't think too much" when "confronted with an illness whose social roots are beyond his reach." The writers recall that Lerner had "astutely noticed in 1958, 'psychic participation through opinion is spreading before genuine political and economic participation,' a point to which we will return.

⁸ This informal press survey includes only leading French-language newspapers. The daily with by far the largest circulation is *Al-Khabar*, an Arabic newspaper. My excuse for not struggling with the Arabic is that *Al-Khabar* has been described as "the French language newspaper written in Arabic," and indeed its website is trilingual with English as well. See Kraemer 2001: 75. Rebah (2002: 184) argues that there are no longer significant differences between the two presses because journalists float freely back and forth, as do readers, between the two languages.

⁹ Although the pdf file could not be downloaded, the image could be seen at http://www.lematin-dz.net/accueil/?idc=41&date_insert=20030128&imageField_x=10&imageField_y=5 (May 5, 2003). The full story of the children normally residing in Belgium with their divorced Moroccan-born mother is at http://www.lematin-dz.net/quotidien/lire.php?id=1318&idc=41&taj=1&date_insert=20030128&imageField_x=10&imageField_y=5 (May 5, 2003).

Said raises his voice: The UGTA Is Preparing a General Strike.” There was nothing about any children being returned to Belgium.

Sometimes the provincial press gets a scoop worthy of the communication depicted in Franz Kafka’s “Great Wall of China,” where repair teams could never keep up with the collapses in the construction of the Wall. Retired General Betchine’s Constantine daily, *El Acil*, carried a remarkable account on February 13, 2003, of a Council of Ministers that President Bouteflika had presided in Algiers on February 8. “Members of the government whose performances were mediocre (“peu reluisants”) suffered the wrath of President Bouteflika...in a marathon (ten-hour) work session,” and the article went on to detail grievances against four ministers and deputy ministers, three of whom were among the four women members of the government. *Le Matin* then picked up the story on February 17 and further sensationalized it with headlines of “Bouteflika terrorizes the ministers.” *Le Matin* also provided its explanation of this extraordinary cabinet meeting:

M. Bouteflika, a-t-on appris, leur a en réalité fait subir la colère qui s'est emparée de lui à son retour du voyage qu'il avait effectué quelques jours plus tôt en France (le 5 février dernier). Les réactions négatives enregistrées dans le pays, mais aussi et surtout la manière avec laquelle les Français ont présenté à l'opinion ce déplacement l'ont plongé dans une furie dont il n'était toujours pas arrivé à se débarrasser le jour du Conseil des ministres (trois jours après son retour). La réunion a coïncidé de surcroît avec la publication du fameux communiqué de l'Elysée réduisant la visite du Président algérien à Paris à une simple opération visant à préparer la venue de M. Chirac en Algérie le 2 mars prochain. Une véritable humiliation à laquelle notre Président n'a cependant pu réagir publiquement pour laver l'affront dont il avait été victime.

This observer had originally thought that *El Acil* was inventing the stories in light of earlier press commentaries, but those closer to the Algerian political scene confirmed their accuracy with second hand accounts from some of those attending the meeting. Perhaps he was indeed taking out his frustrations with the French presidential press services on (with one exception) his poor female ministers.

Le Matin, founded in 1991, was one of Algeria’s oldest and most widely circulating independent newspapers. Its journalists came from *El Moudjahid*, many of them via *Alger Républicain*, a left wing newspaper close to PAGS (Rebah 2002: 33-34). They constantly carped at President Bouteflika in *ad hominem* terms. On May 6, 2003, the editorialist of *Le Matin* put his spin on the president’s decision to change his prime minister: “L’homme qui s’est résigné hier à l’acte constitutionnellement délictueux d’enlever le gouvernement au parti majoritaire pour le confier au RND, le grand battu des dernières élections, est un homme égaré. Abattu. Battu par le propre système qui l’a enfanté. Un mauvais joueur d’échecs...” *L’Expression*, created since Bouteflika’s accession to power in 1999 as his informal mouthpiece, of course turned the story around.

In a sharp card game President Bouteflika is playing his ace of spades (May 5) or joker (May 6): “qu’en nommant Ouyahia, le chef de l’Etat s’appuiera sur un allié sûr, avec en prime, une machine électorale rodée et disposant d’une réelle expérience politique.”

If these two papers represent extremes within the French language press, the more balanced and professionally managed newspapers, such as *Le Quotidien d’Oran* and *El Watan*, are also extremely critical. They publish articles about their president that would not pass muster in neighboring countries of the Maghreb. Yet it would be too simple to argue that the military factions that are supposed to run Algeria simply encourage the papers to take pot shots at the man they brought to power. *El Watan*, reputed for its military connections, also engages in investigations of how the successor to the once dreaded Sécurité Militaire may still be manipulating much of Algerian civil society behind the scenes, leading one to wonder whether such revelations reflect power struggles between, say, the army’s general staff and its intelligence services – Generals Mohammed Lamari (chief of staff) and Mohammed Touati vs. Generals Mohammed Mediène (“Toufik”) and Smaïn Lamari?¹⁰

El Watan also took on the police, who fall under the jurisdiction of the Minister of the Interior, a Bouteflika appointee, rather than the army. The paper published a lengthy account of a letter written by 50 policemen to the president of the Republic attacking the chief of police for turning the service into a “rotten...empire or private enterprise.” (See Appendix B) The letter cited the case of five policemen punished for giving a parking ticket to a politically well connected woman in a red polo Volkswagen¹¹ and promised to divulge many more “sensitive and compromising” cases once “we will have received guarantees from your services,” presumably not to be punished. They accused the secretary general of the police administration of having opposed Bouteflika in the 1999 elections and asked the president for the “protection and preservation of this body from dangerous hands that pretend to serve the law and security when in fact they are only serving their own interests.” The letter also complained that they were harboring too many plainclothesmen, 100,000, in fact, out of a total force of 110,000, thereby altering the mission and role of the police as well as costing the state too much for the various spring, summer, winter, and fall outfits of these undercover agents.

Presumably *El Watan* enjoyed some protection while it engaged in frontal attacks through the month of February on Algeria’s police state. Circumstantially it would seem to have been expressing some of the impatience of Khaled Nezzar, Mohammed Lamari, and Mohammed Touati with President Bouteflika (along with his following, including the

¹⁰ *El Watan*, February 9, 2003, had a long exposé of the Département de renseignements et de sécurité (DRS), the successor to the dreaded Sécurité Militaire, with a lead article “Le DRS est-il le pouvoir?,” and followed with an entire page about how it had infiltrated all nooks of civil society – see p. 3, exhibited in Appendix A. The February 20, 2003, issue of *El Watan* discussed widespread telephone tapping practices. *El Watan* is sometimes identified as being close to General Mohammed Touati, the intellectual staffer close to retired General and Defense Minister Khaled Nezzar and to Algeria’s top general, Mohammed Lamari. But Rebah (2002: 205-207) usefully warns us against believing that there is a general behind every Algerian newspaper.

¹¹ *El Watan*, February 23, 2003, pp. 1, 3. Many people in Algiers knew of the story, and I was informed that it the car was really green, not red.

minister of the Interior, who had once headed the Sécurité Militaire) as well as with the current military intelligence chiefs. But why at this particular time would the ANP's central command wish to enter the political arena? Were these exposés by *El Watan* part of the ANP's General Staff's year-long effort to clean up its reputation and exit from the political arena – just as the press was beginning to speculate about the 2004 presidential campaign? Earlier General Lamari made a widely reported statement that to the French magazine, *Le Point* 17 Jan 2003, that the army will recognize anyone who gets elected president, "even if he is an Islamist." In Algiers, however, *L'Expression* was complaining of the "imaginary enemies" with which other local newspapers were surrounding President Bouteflika – General Lamari, the prime minister, and even the business tycoon Rafik Abdelmoumen Khalifa. The supposedly influential "clans" seem too occult and clandestine to be subject to serious analysis, but newspapers offered conflicting versions of their identities and interrelations, feeding on the public's widespread distrust of all of them.

It is not yet possible to identify power centers with business interests because these, too, remain opaque. Wealth is being accumulated in Algeria, and possibly some of the officers wish to give up their power in return for property to pass on to their families. The most spectacular vehicle was the Khalifa Group, the rise and fall of which were subject to numerous conflicting and confusing reports from the press. Again, it was *El Watan* that took the lead on January 21, 2003, in exposing the financial shenanigans of this putative business group, which employed some 14,000 Algerians, mainly in the bank. It published the news, known for some time in business circles, that the Bank of Algeria (the country's central bank) had blocked Khalifa Bank's foreign exchange transfers since November and that the Inspection Générale des Finances was investigating "graves anomalies en matière de transfert de capitaux de Khalifa Bank." Leveraging the facts, its lead article suggested that President Bouteflika was trying to "asphyxiate" Algeria's most visible new set of private enterprises, whose aircraft now actually outnumbered those of Air Algérie, the state airline. *El Watan* was not above its own version of yellow journalism, accusing President Bouteflika on January 25 all "toutes les compromissions, toutes les concessions, toutes les lâchages" to get a second term, running off to France, USA etc. for political support. But the paper also pointed to the serious phenomenon of "a new race of businessmen" altering Algeria's political landscape. "Autant le politique a besoin des soutiens financiers du pouvoir économique pour conquérir le pouvoir, autant les hommes d'affaires et de grosses fortunes ont besoin d'appuis solides dans les cercles du pouvoir pour préserver leurs intérêts et faire fructifier encore davantage leurs affaires." (*El Watan*, January 23, 2003, p. 3) Further politicizing the blockage of Khalifa Bank, *Le Matin* (January 29) focused on its problem of getting approval for one of its TV stations to function in Algiers under a management of its choice. Was President Bouteflika insisting on turning the Khalifa Group and its "heavy" media into a machine to get him reelected in 2004?

A simple decision by *El Watan* to announce news already known in financial circles of Khalifa Bank's mismanagement thus led into rich speculations about the relations of this mysterious group to various power centers. The Khalifa Bank's response to the news was to attack *El Watan* for publishing the information. Rafik Abdelmoumen

Khalifa, the 38-year-old head of the Khalifa Group, arranged an exclusive interview from Europe with *L'Expression*, the pro-Bouteflika daily, to dispel any implication of discord between him and the president. After briefly dismissing *El Watan's* news as "groundless," he associated the paper with the French "media-cabal" that had been subjecting the Khalifa Group to critical scrutiny since October 30, 2002 (Aubenas et al 2002). Instead of focusing on Khalifa Bank's problems, he insinuated that *El Watan* had political motives.

Dire que la banque d'Algérie gèle les activités d'El Khalifa Bank, c'est suggérer une volonté claire de casser la colonne vertébrale du groupe, en asséchant financièrement toutes les entreprises qui s'y rattachent.

L'objectif des cercles politiques qui ont soufflé l'information est d'insinuer que la campagne menée tambour battant par les cercles français hostiles à l'Algérie a porté ses fruits, au point que les autorités voudraient se débarrasser d'un «*témoin gênant*». Ce qui est totalement faux, au vu des informations dont dispose *L'Expression* qui attestent, contrairement à ce qu'on veut faire croire, que les relations entre le Groupe Khalifa et les autorités algériennes, qu'elles soient politiques ou économiques, sont normales et ne souffrent aucune équivoque ni dans un sens ni dans l'autre.

Omar Belhoucet, the editor-in-chief of *El Watan* responded that his newspaper had published the news to "lance the abscess... The group was seriously weakening from within, and its foundations were shaken." (January 23, 2003, p. 24) The editor regretted the criticisms "of a rare virulence" that Mr. Khalifa had leveled against *El Watan* in another daily "well known for its misconduct (*frasques*)."

The chief editor of this daily, *L'Expression*, responded by attacking Belhoucet personally, alluding to allegations that he had sexually harassed an employee. The story of the Khalifa Group became entangled with personal vendettas as well as speculations about the Group's ties to the various clans sparring for position in national politics.¹² But facts were still facts, and *El Watan* had more to report. Three top Khalifa executives were caught at the Algiers Airport on February 24 trying to leave for France in their corporate jet with 2 million Euros (*El Watan*, Feb. 26, 2003, p. 4). Yet as late as

¹² The Algerian weekly, *Les Débats*, no. 63 (week of 29 January to 4 February 2003) devoted four full pages (pp. 10-13) to the press debate over Khalifa Bank. It provided virtually no information about the bank but engaged in speculation about the political implications of the debate between *El Watan* and *L'Expression*. One useful piece of information was that Abdelghani Bouteflika, one of President's brothers, had withdrawn some weeks early from serving as a lawyer of the Khalifa Group. *Débats* then speculated: "...[It was] as though the attack against Khalifa was anticipated and that Abdelaziz Bouteflika was already preparing for a confrontation and wished to have free hands and a more comfortable political position." (p. 13) Was it not more likely, however, that the president learned by November 2002 that the Khalifa Group was in a hopeless financial mess, posing a major dilemma? Throwing good money after bad to prop up the Group would only compound the problem, but letting it collapse posed major political problems.

February 22 Khalifa Bank had mobilized thousands of gullible middle class professionals, in lines of men and women stretching over 2 kilometers long (*L'Expression*, 23 February 2003), responding to ads for jobs in new bank branches. Less than two weeks later the crowds would return to the banks' headquarters, clamoring this time to withdraw their deposits.

As most of the press reported, the Bank of Algeria put Khalifa Bank under sequestration on March 3 and subsequently decided to liquidate it rather than try to rescue it under new management. Khalifa Airways were also sequestered, the leased Airbuses returned. The state seized and sold off Khalifa's contracting company. But anyone relying on the Algerian press to understand what had gone wrong with the Khalifa Group would be disappointed until the new prime minister, Ahmed Ouyahia, finally explained to parliament on June 3 that it was a "mythe qui s'est effondré" (*El Watan*, 4 June 2003) and that the losses of Khalifa Bank amounted to 100 billion DA and included the deposits of various state agencies and the social security fund. Obviously Rafik Khalifa had benefited from key relationships with top members of the political/military elite who had influenced the various agencies to put their money with Khalifa after the founding of the bank in 1998.

In the Algerian press *El Watan* offered some tidbits of investigative reporting, notably in "Khalifa Group: Troubled Workers" (March 27) revealing details about the money, not the workers: "Des sommes énormes, estimées par des sources judiciaires à 20 milliards de dinars, puisées des caisses de l'institution financière d'Abdelmoumen Khalifa, constituées essentiellement des dépôts à terme, de nombreuses (et pas des moindres) sociétés publiques (Caisses de chômage, des retraités, de la mutualité agricole, des assurances, les Opgi, les Eplf, Saïdal, la société d'assurances de Sonatrach...) et qui s'élèveraient à l'équivalent de 1,2 milliard de dollars." Khalifa Airways, in turn, had run up overdrafts on the bank of over 200 million Euros. But the story had already broken in France, and any Algerian with an Internet connection could have developed a pretty clear picture.

Le Monde captured the essence of the Khalifa Bank's financial mismanagement on March 21, 2003.¹³ The Group had relied on various public funds including a social security fund managed by Abdelmajid Sidi Said, the leader of the Union Générale des Travailleurs Algériens, because Khalifa Bank had offered much higher interest rates than the public sector banks. It was not so much any laundered "generals' money" or other controversial funds that had financed the Group.¹⁴ The Khalifa Group really just rested on a classic pyramid scheme, of the kind that had wrecked the Albanian economy in the early 1990s and Egyptian "Islamic" investment houses in 1986-87. New depositors provided the cash to keep the bank expanding, but the growth was unsustainable. By one

¹³ Jean-Pierre Tuquoi, "Le groupe algérien Khalifa était financé par des organismes sociaux et des industriels," *Le Monde*, 21 March 2003, p. 18.

¹⁴ Rafik Abdelmoumen Khalifa was the son of the late Laroussi Khalifa, a former minister of industry who had served during the war as strong man Abdelhamid Boussouf's *chef de cabinet* with presumed access to the FLN war chest. Some journalists speculated that these funds financed the Khalifa Group, which might also be laundering "the generals' money."

report the Bank of Algeria had been aware of the problem at least one year before November 27, 2002, but had preferred to work quietly with the bank to mend its balance sheet rather than blow the whistle, embarrassing too many influential people.¹⁵

As it was, *El Watan*'s warning came too late, in January 2003, and still did not disclose adequate economic information to save individuals who had deposited more than 600,000 DA (\$8,000), the amount that could be recovered under Algerian deposit insurance. Even when political controls were relaxed, the Algerian press did not have adequate economic expertise to alert the public, even though the country had been engaging since 1990 in economic reform attempting to transit from a command economy to a market driven one.¹⁶ Unlike Morocco, Algeria does not have a specialized economic press of the caliber of *L'Economiste*. Despite greater freedom, it has little capacity to analyze business enterprises or economic interests.¹⁷

Indeed, Algeria's inner circle has little to fear from this young and abrasive, independent press because it cannot turn "public opinion" into a political force. Jürgen Habermas (1962) documented how "public opinion" emerged in England out of drawing rooms into eighteenth century broadsheets. The forces driving public opinion were not so much the Kantian categorical imperative acting in a public sphere (though Habermas gives Kant credit for being the first philosopher of public opinion) as its underlying commercial and eventually bourgeois interests. They carved out a public sphere because they needed to exchange economic information. To be sure, an audience driven by categorical imperatives exists in Algeria, mainly in the Islamist community. But this audience seems cut off from the real economic interests driving Algeria's publicity. The most telling criticism of the Algerian press is that it cannot really form any public opinion. That is to say, in the words of Mohammed Bensalah:

Chez nous, les médias sont considérés a priori comme des rivaux. Ce qui engendre suspicion et tension dans les rapports. Le chef de l'Etat ne semble pas beaucoup apprécier les journalistes de la presse indépendante. Ils sont accusés de tous les maux. Ces derniers lui renvoient la balle en mettant en doute la parole gouvernementale. Ainsi, se pose la question de la vérité et du mensonge, du dit et du non-dit et donc du crédit que l'opinion publique peut accorder aux discours politiques. Le manque d'intérêt pour la communication officielle traditionnelle et le

¹⁵ Cherif Ouazani, "L'intelligent," *Jeune Afrique*, 6 avril 2003. Other investigative reports of the Khalifa Group were N. Beau, "Un [Khalifa](#) peut en cacher un autre..." *Le Canard Enchaîné*, 6 March 2003; and "Khalifa, les dessous d'une débâcle," *Libération* 3 April 2003.

¹⁶ Former Prime Minister Ahmed Benbitour writes excellent weekly columns for *Liberté*, a daily owned by a business magnate that attempts to provide some economic news. In "Why Worry about corruption?" *Liberté*, 13 February 2003, Benbitour explained how Algeria's situation of "permanent transition" benefits various types of rent-seekers.

¹⁷ The most informative article about an economic enterprise that I came across in my limited sample was appeared, ironically, in the traditional state-owned *El Moudjahid*, describing the Blanky Group (January 25, 2003) online June 8, 2003 at <http://www.elmoudjahid.com/stories.php?story=03/01/25/3558072> and esp. <http://www.elmoudjahid.com/stories.php?story=03/01/25/3757893>.

scepticisme à l'égard des partis et des leaders politiques s'expliquent aisément.¹⁸

In other words public opinion has little force or consistency in Algeria, where the party system is fragmented and virtually inoperative apart from a couple of official administrations (the FLN and the RND).¹⁹ Former Prime Minister Mouloud Hamrouche, who had tried to reform the FLN as well as oversee Algeria's reform program of 1989-91, perceives the limits of the press: "La presse ne peut créer la synergie politique ni remplacer les acteurs sociaux." (Rebah 2002: 168) Some apparent freedom of the press not only helps Algeria escape from its isolation and become more internationally acceptable but also compounds the mutual distrust among Algerians that facilitates authoritarian rule.

Freeing up the media is not just a public relations trick for the benefit of the EU or the USA and their great interest in democratic development, including a free press. Nor is it just to be viewed as a psychological safety valve although this may be part of the explanation, especially when taken in conjunction with things like general strikes designed to release the steam from a boiling social situation without making any serious political waves.²⁰ The real reason may be that the power holders have nothing to fear from public opinion, and the newspapers help to keep it confused and preoccupied with its internal contradictions – such as secularly minded "democrats" opposing free elections. Confused, unrepresented and powerless, the readership remains apathetic, however much the free press fascinates foreign readers.

May our fascination eventually turn out to be justified? May this abrasive young press eventually forge a real "public opinion" that can make rulers accountable, as Kant once hoped it would make them in his cosmopolitan society? May the Algerian press build up enough credibility to challenge the pervasive distrust that post-modern Algerians experience with one another? For all its limitations the press is relatively credible, and its example has already invigorated Algeria's public sphere, even if the security situation continues to block the emergence of social forces. Is it too much to expect, with a little help from the press, to see Algerians returning to work within some modernization paradigm, be it liberal, Marxist, or Islamist?

¹⁸ "Pour un civisme d'information," in *Dossiers, Le Quotidien d'Oran* (online June 8, 2003: <http://www.quotidien-oran.com/dossiers/pouruncivisme.htm>).

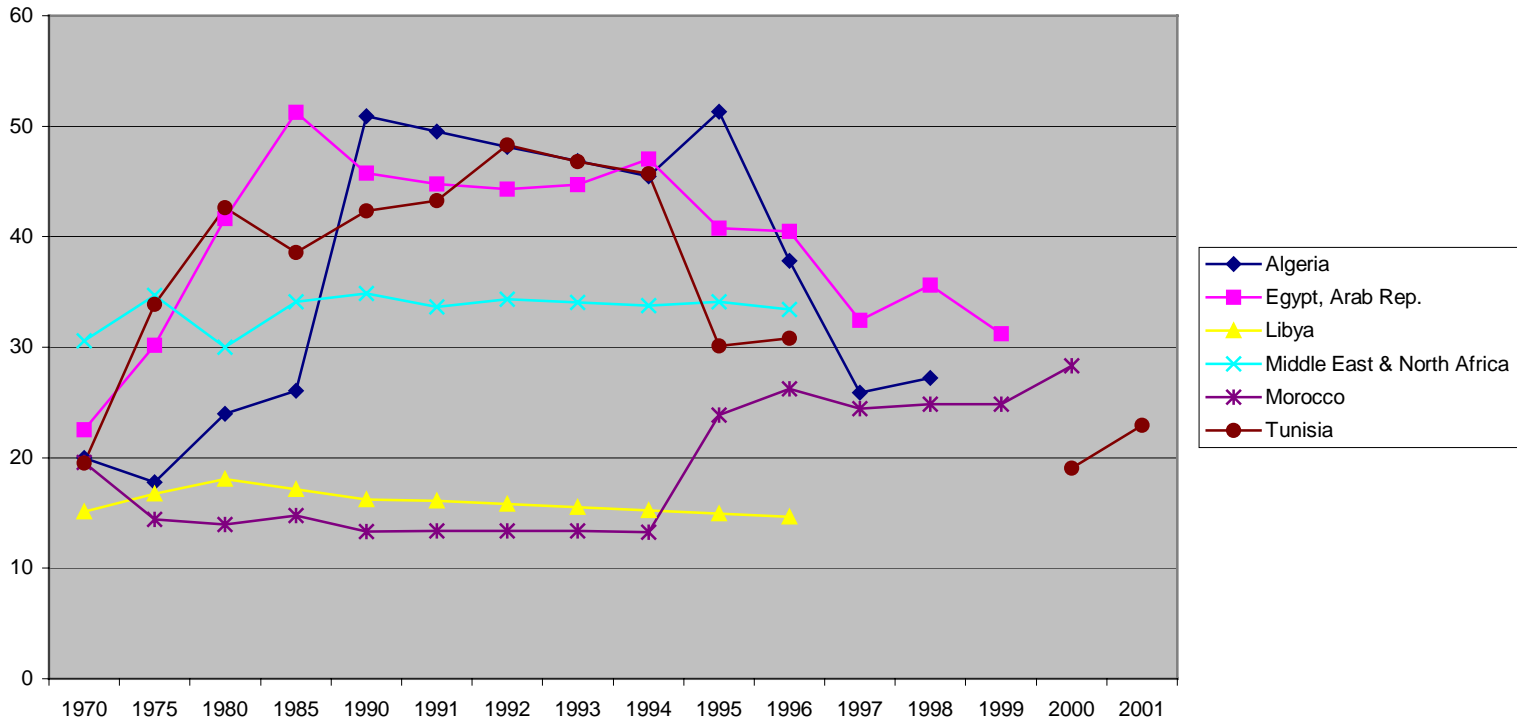
¹⁹ See Daho Djerbal's explanation in *Le Quotidien d'Oran* of 23 February 2003 of why Algerians did not seriously demonstrate, for instance, against the Angl--American war on Iraq: "In Algeria the political and social crisis is so desperate that there is no longer any political or social body capable of mobilizing large crowds for a cause that seems so close and yet distant..." Also see Djerbal's political sociology of Algeria – an amorphous distrustful public manipulated by concentrated political and economic powers, in "L'Algérie ou la démocratie impossible," published ?? (check with Daho)

²⁰ On February 25 and 26 the UGTA launched a general strike with the complicity of much of the government, including Prime Minister Benflis, against its privatization policies. It was timed for a Tuesday and Wednesday to expand Algeria's Thursday-Friday weekend so as to close off the country for a good six days.

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Figure 1: North African Newspaper Readership Per Thousand Inhabitants



Source: World Bank, *World Development Indicators 2003*

Table 1: Algerian Newspaper Ownership and Circulation (Worksheet in Progress)

Newspaper	ownership	Circulation 2002 (a)	2001 (b)	1999-2000 (c)
Al-Khabar	journalists	400,000		300,000
Le Quotidien d'Oran (d)	journalists	200,000		180,000
Liberte	Rabreb and journalists	160,000		150,000
Le Matin	journalists	170,000		140,000
El Watan	journalists	120,000		100,000
Echourouk El Youmi		100,000		
Le Soir d'Algerie		50,000		65,000
La Tribune (d)		40,000		45,000
L'Authentique	Betchine	30,000		20-26,000
Le Jeune Independent		25,000		20-26,000
La Nouvelle Republique		15,000		
Al Youm		30,000		20-26,000
Al Bilad		30,000		
Assahafa				20-26,000
El-Moudjahid	government	30,000		20,000
Horizons	government			20,000
Saout Al Ahrar	FLN	25,000		
Annasr				20,000
Al-Djournhouria	government			12,000
Ec-Chaab	government	20,000		12,000
Al-Massa	government	5,000		12,000
Acil (Fr)	Mohammed Betchine		7,000	
Acil (Ar)	Mohammed Betchine		3,000	
Total for 35 excluding L'Expression Al-Fajr Alger Republicain Akhar Saa (Annaba)		1,492,000		1,300,000
			5000	

a. Media Directory Algiers, US Embassy: Public Diplomacy Section.

b. Boureni: <http://www.quotidien-oran.com/dossiers/al'estpetite.htm>

c. Brahim: <http://www.quotidien-oran.com/dossiers/lepaysagemediatique.htm>.

Dossier: <http://www.quotidien-oran.com/dossiers/dossierpresse%20.htm>.

d. Registered with The Syndicate Project: <http://www.project-syndicate.cz/>

Table 2: Newspaper Readership Per Thousand Inhabitants 1998: Actual and Predicted Values

Country	Actual Newspapers per thousand	Predicted by per capita GDP and literacy	Predicted by per capita GDP, literacy and political freedom
Algeria	38	56	43
Bahrain	112	183	136
Egypt	40	28	20
Iran	28	61	53
Iraq	19	28	15
Jordan	58	55	56
Lebanon	108	65	53
Libya	14	87	63
Morocco	26	28	23
Oman	29	125	94
Qatar	130	276	203
Saudi Arabia	57	140	101
Syria	20	46	32
Tunisia	31	67	52
Turkey	111	89	80
United Arab Emirates	156	236	177
Yemen	12	-9	14