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From Boumedienomics to Reaganomics: Algeria, OPEC, and the International Struggle for Economic Equality

In the first satellite pictures taken from the Apollo 17 in 1972, Earth was shown as a weightless sphere covered in clouds and unified by the blue oceans. The picture came with an important message, appearing as it did in the same year as the Club of Rome *Limits of Growth* report: humanity had common interests and these interests lay in the need to preserve the limited natural resources of the planet from the danger of overexploitation and overpopulation. An even more important image of the Earth was produced only some months after the Apollo 17 pictures. In May 1973 the German historian Arno Peters presented a new world map that was supposed to revolutionize the, up to then, widely used Mercator projection. Peters accused Mercator's 1569 projection of being too "Eurocentric" and remarked that it distorted the geometry of the world in favor of the European colonial masters of the time. He argued that his own projection, which gave prominence to the global south, and in particular to Africa and Latin America, was much fairer to the Third World. In his "equal area" projection Peters effectively redistributed land from the global north to the global south and in so doing embodied much of the spirit of the age: the struggle for equality and redistribution in favor of the poor.[1]

Henry Kissinger had fantasized that 1973 would be remembered as the "Year of Europe" and of a renewed Atlantic partnership. It ended up being the "Year of the Global South" and of the cooperation between oil producers and the rest of the developing countries. The main reason that 1973 turned out to be quite different from what Kissinger had dreamed—closer in fact to Kissinger's nightmare—was the quadrupling of the price of crude oil in December 1973. This pivotal episode, widely known and vulgarized in the industrialized countries as the "oil shock," is better known in oil-producing countries as the "oil revolution."

The unilaterally imposed oil price revolution was seen by the developing countries of the south as the economic equivalent of the Vietnamese military success against the apparently invincible U.S. army. It was a victory of the poor against the superior technological and economic power of industrialized countries. Even though non-oil-producing developing countries should have been extremely concerned for their worsening trade balance, the solidarity with oil-producing countries was next to unanimous in the aftermath of 1973. Mahbub ul Haq, the Pakistani economist and Word Bank director, a key voice for the south in international economic institutions, recalls

> the rather gloomy, despairing days of late 1972 and early 1973 when the concerns of the Third World were being summarily brushed aside from the crowded agenda

of the powerful and the rich nations. We were not aware at that stage how quickly the environment would change by 1974, as a result of the OPEC action.[2]

Well before 1973, certainly since the creation of the United Nations Conference for Trade and Development (UNCTAD) in 1964, developing countries had come together to voice their concern for the structural inequality between poor and rich countries and against the increasingly harmful terms of trade against the products of the global south. But up to 1973, even though the "struggle against imperialism" slogan had achieved a wide audience, especially through the actions of the youth movements and NGOs, the Third World seemed stuck because of its lack of negotiating power. After 1973 a new age of international cooperation and fair redistribution of global wealth seemed imminent.

If 1973 was to be the dawn of the age of equality between north and south, and oil a key weapon in the struggle for worldwide redistribution of resources, the Organization of the Petroleum Exporting Countries (OPEC), a raw materials organization created in 1960, found itself—mostly unwillingly—at the very center of the struggle. Within OPEC, Algeria and its ruling Front de Libération Nationale (FLN) elite was the relentless motor of international cooperation to change the terms of trade in favor of the south. In 1971 Algeria was the first OPEC country—after the dramatic failure of Mossadeq's nationalization of Iranian oil at the beginning of the 1950s—to successfully gain full control of its oil and gas industry. In 1973 it held the presidency of the Non-Aligned Movement while at the same an Algerian was appointed secretary-general of OPEC. It was the Algerian president Houari Boumediene who called at the beginning of 1974 for the special UN session that would result in the launching of the New International Economic Order (NIEO) project. Algeria negotiated with the French government the shape of what would be known as the North-South dialogue: the Conference for International Economic Cooperation (CIEC) that was held in Paris from 1975 to 1977. It was Algeria that asked for the convening of the first OPEC conference of sovereigns and heads of state in 1975, in which solidarity between oil-producing and non-oil-producing developing countries was to be the core theme. A yellow Algeria features prominently at the center of Peter's world map, just below a scarcely visible France, on the cover of the iconic *Brandt Report*, while Willy Brandt acknowledged in the introduction the importance of Algeria's international stature: "I kept in contact with the new approach to development problems. In 1974 and 1975 the Presidents of Algeria and Mexico told me about their important initiatives in calling for a new international order."[3]

The centrality of this Muslim country, which considered itself a part of both the Arab and the African world, was due to the fact that its nationalist elite embodied two of the driving forces of the 1970s. The first was the increasing relevance of the United Nations as the main public forum for the decolonization struggle: a stage on which the FLN had brilliantly presented the case of "liberation" for world public opinion. The second was the struggle of raw materials producers to acquire full control over their natural resources and change the terms of world trade—an effort symbolized by the dramatic decision in 1971 to nationalize oil and gas. This essay traces the three steps that led Algeria to such a prominent role within OPEC and, more broadly, the global south: first its struggle for independence, then its decision to nationalize natural resources, and finally its effort to internationalize the battle of raw materials producers through the invention of the New International Economic Order.

Independence

In 1959 and then again in 1960, the cartel of international oil companies defined as the "seven sisters" by the head of the Italian state-owned oil concern ENI imposed a fresh cut on the "posted price" of crude oil, driving it back to the level of 1950. The reduction of the posted prices—references prices used to determine the amount of taxes paid by oil multinationals to the host governments—was poorly timed, however, since it coincided with the formation of the first reformist government in Saudi Arabia. In particular, at the beginning of the 1960s, the charismatic Saudi director of mines Abdallah Tariki—soon described in the Western press as the "red sheik"—had begun advocating the "Saudization" of the American oil consortium ARAMCO. Following the tide of Arab nationalism at the end of the 1950s, he had argued in favor of increasing popular participation by approving a constitution, investing in a Saudi industry and in human capital formation, expanding the ranks of Saudi's with advanced degrees, and taking over ARAMCO by stages.[4]

The gentleman's agreement on the creation of the Organization of the Petroleum Exporting Countries (OPEC) was eventually reached in 1959 at the margins of the first Arab Petroleum Congress in Cairo, sealed by a handshake between Juan Pablo Pérez Alfonzo, the Venezuelan minister of petroleum, and Tariki. On this occasion an international lawyer and consultant to Tariki, Frank Hendryx, presented a paper on the rights of sovereign states over their natural resources, arguing in favor of government intervention to unilaterally modify the terms of concessions when this was in the best interests of its citizens. To demonstrate the prevailing interests of the state, Hendryx quoted common law jurisprudence in a British case of 1921: "It is not competent for the government to fetter its future executive action, which must necessarily be determined by the needs of the community when the question arises. It cannot by contract hamper its freedom of action in matters which concern the welfare of the state." Observers from oil multinationals were horrified by an interpretation that questioned the concessions system and the "sanctity of the contract" but felt this approach was not prevalent among decision makers in the Middle East oil-producing countries.[5]

OPEC then formally came into existence during a meeting in Baghdad in September 1960.[6] Its founding members were Venezuela, Saudi Arabia, Iraq, Iran, and Kuwait. At the first recorded meeting of the OPEC Ministerial Conference in 1961, Pérez Alfonzo, elected as its first chairman, argued:

> It is not possible to ignore the relatively low price at which this exhaustible product is sold to the richer nations. Our peoples cannot let flow, at an accelerate rate, their only possibility to pass without delay from poverty to well being, from ignorance to culture, from instability and fear to security and confidence.[7]

Both Tariki and Pérez Alfonzo had to abandon their posts in 1962. Tariki's openness to the possible nationalization of oil production was considered far too progressive by the Arab leaders of the time and certainly by the Saudi royal family. In 1963 Tariki, by then a self-appointed speaker for Arab people on the oil issue, addressed these words to OPEC:

> The eyes of millions from producing and consuming nations are on you. If you cannot make up your mind, find a pretext for postponing your meeting. For if you meet and fail to take just decisions which will restore your countries' dignity and authority, then the meeting will mark your Organization's demise. After this your Organization will flounder, for all those who have been following its activity will realize that it is no more than a means for officials of some countries to enjoy themselves in the beautiful city of Geneva at the expense of the poor and sick of the producing countries.[8]

Pérez Alfonzo, frustrated by the lack of success on the issue of rising oil prices and of "prorationing"—coordination of production levels of crude oil—left his post as petroleum minister and embarked on a long research trip to Mexico, where he was to be strongly influenced by the thinking of intellectuals, such as Ivan Illich's criticism of "growth" and consumerism.

For the remainder of the 1960s, the international oil market remained dominated by the consumers and the international oil companies—even though OPEC countries managed to increase their wealth and their share of profits in this period by forcing the majors to accept posted prices of oil, as a reference for taxation, that were higher than market price of oil.[9] As a result of this "consumer market," throughout the 1960s the prices of oil remained at the lowest levels of its entire history.

Thus, when Algeria became independent in 1962, OPEC's political profile seemed dominated by moderate and pro-U.S. countries. The sovereigns of Iran and Saudi Arabia were fearful of the Arab oil nationalism led by Nasser's Egypt and embodied by the Arab Oil Congress, and they were mainly focused on placating public opinion pressures for outright nationalization.[10] OPEC's political moderation was not necessarily to the liking of the Algerians, especially during the leadership of Ahmed Ben Bella, who was an increasingly vocal supporter of the idea of a global revolution against imperialism and had organized the second Bandung conference in Algiers in 1965. Algeria was also in a peculiar situation compared to other OPEC countries. Algerian oil was not exploited through concessions handed to one or the other of the Seven Sisters, as in the rest of the Middle East, nor by concessions to "independent oil companies," as in Libya. It was the French state that was in charge of oil production in Algeria. In the Evian agreements signed on March 18, 1962, oil and gas concessions were handed over to France. In exchange for exclusive control of Algerian natural resources the French government was supposed to invest in cultural cooperation—mainly by providing French teachers for the Algerian schools—and to foster economic development and modernization.

In June 1965, just before the convening of the second Afro-Asian meeting in Algiers, the minister of defense Houari Boumediene led a bloodless coup to topple Ben Bella. In contrast with his predecessor, Boumediene was not a politician capable of exciting the masses. He lacked the rousing charisma of the stump speaker. His military coup had been received with indifference by the leaders of the developing nations, in particular those in the African and Arab world who had come to admire Ben Bella as a symbol of resistance against France. He was considered more of a technocrat or a military man than a politician. His critics in the Arab world, however, overlooked the fact that in contrast with many other Algerian leaders, including Ben Bella, Boumediene had not been educated in French schools but had completed his university studies in Cairo.[11]

Boumediene shifted the method of government toward a more collegial decision-making style, empowering the Revolutionary Council as the supreme decision-making body, even though the FLN remained the only political movement officially recognized. His economic aim was to move beyond Ben Bella's commitment to *autogestion* (worker self-management), which he considered anarchic and inefficient, by developing a solid state industry built around the extractive and petrochemical sectors. The first step of the new government in 1965 was to sign a new Franco-Algerian agreement on oil and gas, the Algiers Accords, which was supposed to be renewed after five years. According to this agreement, SONATRACH, the state oil and gas company, was to be the "operator" in all the newly discovered oil fields; the Algerian state acquired the monopoly over the buying, transporting, and selling of gas; and the oil rent was increased to 55 percent of the profits. But the Algiers Accords did not represent a substantial change from the previous economic dependence on France. Gas remained underdeveloped for lack of investments and was usually flared. The oil industry was left tightly under French control, while the Algerian state had scarce resources to promote its ambitious industrialization plans.

In June 1967, Israel's victory during the Six-Day War radicalized Boumediene's foreign policy as much as it radicalized the entire Arab world.[12] As Ahmed Taleb-Ibrahimi, one the Algerian ministers close to Boumediene, remarks in his memoirs: "1967 was the year in which Boumediene raised his standing by getting closer to the state of mind of the Algerian people: he declared war on Israel; uncompromisingly supported Egypt, Syria and Jordan by providing soldiers, weapons and any needed aid; he broke diplomatic relations with the United States and interrupted oil exports to the countries supporting Israel and took over Anglo-American oil concerns."[13]

At the end of 1967 Boumediene opened the first conference of the Group of 77 in Algiers—the economic caucus of developing countries within the UN—with a violent attack against both the West and the Soviet Union, criticizing the politics of peaceful coexistence between the two superpowers for justifying the disempowerment of the rest of the world. On the specific issue of the next UNCTAD to be held in 1968 in New Delhi, he argued, in contrast to the African and Latin American delegations, against relying on the healing powers of commodity price stabilization. An eventual rise in commodity prices would in fact play into the hands of the West, since ownership of the industries responsible for extraction and transformation of such raw materials was entirely in their hands. The real aim of the south's struggle must, he argued, become the recovery of the wealth of its land and to develop industries capable of transforming raw materials on the spot.

By 1968 OPEC had been revitalized by a Declaratory Statement in which member countries demanded control over posted prices and the "relinquishment" of those lands that had not been productively exploited by the concessions. An internal debate had started between the proponents of increasing "participation" in the concessions on one side, headed by Saudi Arabia, against the more radical proponents of "nationalization" of the concessions with Algeria and Iraq ahead. Algeria soon decided to join OPEC in 1969 while the new revolutionary Arab leader Moammar Gaddafi was taking the power in Libya. During the first OPEC ministerial meeting organized in Algeria, Boumediene commented:

> Our country has always attempted to further this unity as demonstrated by its active contribution to the coordination of producer countries through its participation in the common front put up with our sister countries Libya and Iraq, by joining the Organization of Petroleum Exporting Countries. By its active participation in the work of the G-77, whose charter bears the name of our capital and whose conference was attended, as is this one, by representatives of the peoples of Asia, Africa and Latin America, Algeria has always maintained that it was necessary to act on two fronts: by struggle and by negotiation so as to correct the relationships that have been established between countries producing raw materials and industrialized countries, to do justice to the aspirations of the peoples to whom these raw materials belong.[14]

Boumediene was clearly stressing the need for both struggle and negotiation: first the national struggle for economic decolonization and, together with it, international negotiation for a more equal world order.

Nationalization

After the 1965 Algiers Agreements, Algerian oil still represented 34 percent of French crude production and 27 percent of its crude consumption. Operating the oil fields generated important gains for France with respect to both the export of technology and the safeguarding of the trade balance. The profit on a barrel of Algerian crude oil, due to proximity to the European market and low sulfur rate, was even higher than in the Middle East.[15]

By 1970 the French monopoly over the Algerian oil industry was untenable. The oil market was shifting from a "consumer's market" to a "producer's market," thus empowering producing countries. Demand for raw materials and energy was rising, particularly in Western Europe, due to wage increases after the activism of trade unions as well as increased government spending on welfare. There were difficulties on the supply side caused by the closure of the Suez Canal, the bombing of the Tapline that carried Gulf oil to the Mediterranean, and the "peak production" reached in the United States and in Venezuela. Speculative actions in the market, rising demand in the West to the highest point of the economic cycle, the greater political leverage of some Third World countries, and stock accumulation all combined after 1970 to produce what would called a "commodity boom." This new scenario helped radicalize oil-producing countries and was well reflected in the Teheran and Tripoli negotiations in 1971 in which OPEC had already, for the first time, led the international oil companies to accept an increase in the posted prices of crude oil.[16]

In his comprehensive study, *The Middle East Oil*, published in 1970, George

Stocking clearly voiced the feelings of the oil-producing countries of the Middle East:

> They view the oil companies as having created in their midst a vast industrial complex controlled by foreign corporations which together have presented a united front in adjusting the rate of oil production to their international commercial needs. They identify the oil companies with monopoly, and monopoly with nineteenth-century imperialism. They look forward to the ultimate nationalization of their respective oil industries, detained only by expediency. It is the timing of the outcome, not its certainty, that is their primary concern.[17]

While OPEC negotiated with oil companies on posted prices and taxes—with the Shah assuming an increasingly radical role in asking for higher prices—in Tehran, the Algerian government negotiated with the French government over a radical revision of the Algiers Accords. The negotiation was deemed global in scope: dealing at the same time with the issue of wine, migrant labor, compensation for previous nationalizations, as well as with the future of the oil and gas sector. But the agreement to launch a new "association" between France and Algeria, grounded on France retaining control over some oil and gas fields as hoped by the leading French negotiator, the minister of industry François Xavier Ortoli, was impossible. Already in autumn 1970 Sid Ahmed Ghozali, director-general of SONATRACH and one of the Algerian negotiators, gave this adamant definition of the ultimate Algerian objectives:

> You know our political position. Oil is a gift of nature and we cope with it in the same way as we do with other negative gifts: for example we are cruelly scarce of water and we have vast amounts of uncultivated land. We want to extract advantages from this free gift. We have a development plan that we have to achieve by mobilizing to the maximum the potentialities of our country including crude oil: this has to happen in field of its production, in its industrial transformation, in fiscal terms. The rent produced by the existence of such a natural wealth must go integrally to Algeria, the owner of this natural wealth.[18]

The Algerian government decided that it needed full control over the strategic oil industry. By the end of the negotiations the French government decided that, rather than having a minority stake in the Algerian hydrocarbon industry, it would prefer to become a client without being forced into investments it did not want to make. On February 24, 1971, Boumediene announced to a cheering crowd the appropriation of 51 percent of the French oil and gas industry. Algeria was the first OPEC country to successfully nationalize its core industry.

Nationalization came as a shock in Paris, and the French government reacted accordingly. In April, Paris announced the end of the "association" regime; it stopped oil imports from Algeria and asked its allies to blacklist Algerian crude. It lobbied heavily to prevent international banks from financing Algeria while the import of Algerian wine was totally blocked. Very soon, however, in fact by the end of 1971, this situation began to clear up and progressively normalized with the first visit of a French president, the liberal Valéry Giscard d'Estaing, to Algiers in April 1975. Nationalization could not be stopped and the options left to former colonial powers were either cooperation or competition. This was very clearly stated already in the letter that Boumediene addressed to *Le Monde* explaining to the French people the apparently brutal decision to nationalize: "If I take some measures to strengthen my country, it is better that the French people understand that this is the interest of peace. If Algeria does not want to become a pawn in the hand of the superpowers, it has to consolidate its economy; and this is what it is trying to do be it with French aid or with other."[19]

Nationalizations followed one after the other in all OPEC countries and reinforced the trend toward higher oil prices that was to be one of the characteristics of the 1970s.[20] In 1972 the Iraqi government nationalized the first oil consortium in the Middle East, the Iraqi Petroleum Company (IPC) created in 1928, and by the end of the 1970s all of the producing countries, conservative or progressive, Arab and non-Arab, would gain full control over their oil and gas production. The idea was that control over hydrocarbon production would ensure the possibility of planning economic development.

Internationalization

Once nationalization was successfully achieved, the main objective of the Algerian government became to increase and then to stabilize a high price for commodities and raw materials in the framework of an open world economy where wealth and technology would be redistributed toward the south. Boumediene confessed to Taleb-Ibrahimi his final goal: "You will see, dear Ahmed, that before the year 2000, Algeria will export its manufactured products to all of Africa and that the income generated from these exports will be close to that of hydrocarbon exports."[21]

The Non-Aligned Movement (NAM) was to be an instrument for generating such international cooperation and for changing the terms of trade in favor of the south. During the 4th summit of the NAM held September 6–9, 1973, in Algiers, just a few days before the outbreak of the Arab-Israeli war, the Algerian president managed to center NAM's attention on the struggle against economic neocolonialism—including the demands for the nationalization of strategic industries and fair prices for raw materials. The slogan of the conference was a clear break from the Cold War obsession: "The real nuclear bomb are the billions of human beings in the Third World." The beginning of the Arab-Israeli conflict during the Yom Kippur celebrations, the embargo against pro-Israeli countries promoted by the Arab oil producers (OAPEC), and finally OPEC's decision in December 1973 to increase by four times the posted price of crude all contributed to the toughening of the position of oil producers and to the sensation of a possible victory.[22] The coup against Salvador Allende in Chile in September 1973 eliminated one of the most outspoken proponents of a Third World battle to change the Bretton Woods rules, but in the short term it only reinforced the willingness to fight neoimperialism and its allies.

At the beginning of 1974, while still holding the presidency of the Non-Aligned Movement, Algeria asked for the convening of the 6th Special Session of the General Assembly of the UN, the first to be entirely devoted to economic matters. That session was held in April 1974. The outcome of tense debates was the approval, significantly on May 1 and with the main opposition coming from the United States, of the pivotal

Declaration on the establishment of New International Economic Order, which concludes with these words: "The present Declaration . . . shall be one of the most important bases of economic relations between all peoples and all nations."

The debates among the ministers of OPEC in 1974 clearly reflect the organization's efforts to deepen links, or at least to avoid potential rifts, with the rest of the developing countries and in particularly with other raw materials–exporting countries. The minister of industry of Peru, a country then led by a "progressive" military government, was invited to speak at OPEC's Quito ministerial conference in representation of the organization of copper-exporting countries:

> Algeria and Iran, had been invited as observers to the next Conference of Ministers of the ICCEC, made up by the Third World countries that produced and exported copper, one of which was Peru, in order to hear their position and word. OPEC itself as an Organization and the International Bauxite Association would also be present at the meeting, giving a new dimension to the June gathering in Lusaka. He believed that they had to take a few initial steps here and there to make it possible to materialize in the future the Association of Raw Material Producing and Exporting Countries of the Third World . . . Above all, man and natural resources had to have priority in the global perspective of the world production phenomena, since technology was the accumulation of experience not obtained today, nor in a few short decades. Without the Arabian, Persian, Mesopotamian, Egyptian, Asian and Indo-American contributions, among others, the famous "know-how" that today pretended to set itself up as a crystal dome, inaccessible to the poor of the world and to the under-developed inhabitants of the planet, could not have been accumulated.[23]

The highest point in this raw materials diplomacy in which OPEC acted, or pretended to act, as spearhead of the developing countries was the Solemn Declaration of the first Conference of the Sovereigns and Heads of State of OPEC member countries, held in Algiers in March 1975. In the Declaration, OPEC leaders came out in favor of the convening of a global conference that "can in no case be confined to an examination of the question of energy; it evidently includes the questions of raw materials of developing countries, the reform of the international monetary system and international cooperation in favor of development in order to achieve world stability."[24] This conference was eventually launched after negotiations led by the French and Algerian presidents, and after overcoming the resistance of the U.S. government. It took place in Paris from 1975 to 1977 with the name Conference for International Economic Cooperation (CIEC)—better known as "North-South Dialogue."[25]

While cooperation among oil producers continued between 1976 and 1977 there were also serious disagreements over the option of increasing or stabilizing the oil price. These were the unequivocal comments of the Iraqi president to the Venezuelan ambassador in polemics against the Saudi oil strategy of reducing prices and increasing production: "They are not rational people. So what are they? They are, uncultured, analphabet, erratic Bedouins, product of one of the most backwards regions in the world that aside from oil has nothing but sand."[26] Managing these fractures in some way, OPEC agreed in its 55th meeting at the end 1979, when the revolution in Iran was well underway, to increase its Special Fund to 2.4 billion dollars in order to feed cooperation with developing countries. It even decided to convene a second Summit of OPEC Sovereigns and Heads of State in Baghdad (twenty years after the creation of OPEC) by 1980. The organization engaged in the elaboration of a long-term strategy to shape a future pricing policy for oil, based on the price of alternatives or on internal development plans—as if the market could be entirely controlled by producers.

Up to the very end of the 1970s, even the more moderate OPEC members still believed in a cooperative world economy in which the producers of raw materials would play a crucial role. While speaking with the influential French journalist, writer, and politician Jean-Jacques Servan-Schreiber, the Saudi oil minister and media celebrity Zaki Yamani argued: "The time will come when we will not renew contracts for our oil, and even less for our financial reserves, unless we have an agreement on technology transfer to the whole Third World. Technology and development will have to be granted without restriction if you want oil. Technology, in short, is the price of oil."[27] The era evoked by Yamani never actually materialized. OPEC's control of oil prices was weakened by a number of factors that formed a perfect storm: the glut of non-OPEC oil from Mexico and the North Sea; two OPEC members, Iran and Iraq, that went to war with one another; the rise in interest rates of the U.S. Federal Reserve to the "highest levels since Jesus Christ"—in the words of the German chancellor Helmut Schmidt—that plunged the world into depression, thus putting into motion the downward pressure on raw material prices; the conservation and taxation measures promoted by the International Energy Agency (IAE) created in 1974 in order to beef up consumer cooperation; and an active boycotting strategy embodied by the newly elected prime minister Margaret Thatcher that used its newly available North Sea oil to simultaneously win the miner's strike in the United Kingdom and the resistance coming from OPEC.[28]

From Boumedienomics to Reaganomics

The NIEO has recently fallen into neglect. But it is fair to argue that the world of the 1980s was in so many ways created as a reaction to the economic, political, legal, and cultural implications of its project. As a challenge to market capitalism, and as the proposition of an international alternative based on state planning and worldwide redistribution under UN supervision, the NIEO was probably more important than international communism in the 1970s. In early 1974, Kissinger tried to face the challenge of oil producers: "I mean we will say all the appropriate platitudes about this not being a confrontation with producers. The fact of the matter is that the only way the consumers can protect themselves against what is a revolution in international finance, in international economics, is to share a common perception and to organize it!"[29]

Boumediene was one of the key NIEO global spokesmen. When he assumed power in Algeria in 1965, the agricultural sector was the only one in which massive nationalizations had taken place, and it employed fewer than one of eight Algerians. The state budget ran a 40 percent deficit and Algeria was totally dependent on French cooperation and French oil industry payments. There was no real industrial planning.

Unemployment, emigration, and distress—caused by imprisonment and often torture—destabilized society. These were the long-term legacies of French colonialism according to Taleb-Ibrahimi: the erasure of memories and the removal of archives; the undermining of Algerian agriculture through the disappearance of wheat cultivation for which Algeria was renowned since Roman times; the decadence of Arab language and literature; the dismantling and privatization of common agricultural lands; and the suppression of liberties. He argued even more explicitly:

> The colonial system, when won over, left vivid scars: 1.5 million martyrs only for the 1954–62 period, millions of invalids, handicapped, widows and orphans, 3 million that were regrouped in concentration camps, 400,000 jailed, 300,000 refugees especially in Tunisia and Morocco, 8,000 villages burned down, a country that was bleeding out and without cadres, an economy dismantled and paralyzed by the departure of French technicians, without mentioning the crimes of the OAS and the immense territories mined on the frontiers to the East and to the West.[30]

When the French fled, Algeria was left without universities. By 1980, it had ten new ones. The gross national product doubled during Boumediene's rule and the same is true for literacy rates.[31] If only the full control over the strategic oil and gas industry and its successful operation is taken into account, Algeria's ruling elite had by the end of the 1970s achieved some real success, winning the support of the majority of the population—although not without an increasingly serious opposition. Not only was Boumediene partially successful in modernizing the country and establishing the state structures that survive to this day but, as we have seen, under his rule Algeria became a promoter of world economic cooperation and had gained wide international recognition for these efforts.

But in a very short time, even by the beginning of the 1980s, all the key elements of Boumediene's strategy crumbled one after another. The price of oil faced an unstoppable downward spiral. Societies in oil-producing countries became increasingly unstable due to the persistence of unemployment, rising internal inequality, scarce opportunities to participate to the decision-making process, and pressures for wider access to consumer goods. Algeria's partners in OPEC went to war with one another, while NAM and the Third World found themselves divided between the countries that retained their allegiance to the Soviet Union and those that wanted to open to the United States as well as to Western international economic institutions.

The NIEO, which the Algerians had even theorized as a "new international social law," could not survive the decreasing internal and external legitimacy of its proponents in the Third World. It could not survive without high prices for raw materials that would force the developed countries to the negotiating table. The nationalist leaderships of the 1970s, after the prestige gained during the anticolonial struggles, were shaken both by their own failure to spread the wealth and become more inclusive, and by the success of the exporting "tigers" in the developing world and the new technological advancements in the West. Some of these leaderships managed to cling to power, but they had to face, and adapt to, the new international scenario.

Was there been an active effort to undermine the NIEO leadership and to fight against raw material producers? Or was their demise entirely due to their own mistakes and to the fallacies of the NIEO project? There are scholars, such as Eric Helleiner, who argue that the rise of financial capitalism, the recycling of petrodollars, and the abolition of capital controls were instrumental in generating high levels of debt in developing countries, and therefore in the imposition of the kind economic and political discipline (often called neoliberalism) that would finally destroy the NIEO project.[32] Other scholars argue that NIEO was fundamentally flawed, and that it was mainly killed by the economic nationalism and the protectionist tendencies in the Third World that ultimately aimed at reinforcing privileged, often corrupt, national elites. The oil expert Thomas Walde neatly expresses this criticism:

> One can hence argue that NIEO and "Permanent Sovereignty over Natural Resources" constituted the ideological underpinning and pretext for the state classes' demand to extract a higher share from export industries—accidentally then controlled by multinational companies, as later by state enterprises—for its growing consumption needs.
>
> One might be tempted to view some facets of the NIEO debate as the struggle of the "rich of the poor" against the "poor of the rich." There was also a prevailing attitude of scapegoatism and externalization of responsibility: The then prevailing models, widely taught in universities around the world—and probably still underlying much of our senior colleagues' conceptual toolbox, suggested that underdevelopment was the exclusive responsibility of the rich countries. Internal failings—such as the lethargy, inefficiency, and corruption involved in the statist model of economic development, unequal distribution of wealth, lack of a culture encouraging entrepreneurship and initiative, a stifling system of bureaucratic overregulation, lack of political stability; overconsumption by a politically powerful military feeding off national chauvinism against neighboring states, existing historic border disputes or ethnic divisions, were conveniently disregarded or added to the accusations against the developed world. Many developing countries were—and many still are—essentially "proto-states": They show the trappings of modem statehood—constitutions, laws and ambassadors, but do not have the strength of a modern state—cohesion, strength and effectiveness of public institutions, of public infrastructure, safety, education and healthcare, to name the most important.[33]

If the NIEO was the effort to impose international economic equality through cooperation among nations and redistribution of wealth and technology from the rich to the poor, what followed, under the name of "neoliberalism" or "globalization," was the effort to promote a global market that would distinguish between winners and losers according to the degree to which they adapted to the "rules of the game." If the NIEO was to be a UN-driven project, what followed was managed by the Bretton Woods institutions plus the World Trade Organization, thus from institutions in which certain countries have more voting power than others. If NIEO's protagonists were the raw materials producers from the global south, the protagonists who followed were the West and the emerging trading and manufacturing powers often defined as "tigers." The rise and fall of the NIEO was the passage from an "equality"-driven era, symbolized in Peters's projection, to a "competition"-driven era. It was the passage from the ideology of "redistribution" to the ideology of "competitiveness." If Algeria and OPEC played a role in the NIEO project, they both struggled to have an authoritative role in the globalization project. In the struggle against colonialism, Algeria and OPEC were mostly winners. In the struggle over how to shape a "noncolonial" or "postcolonial" world, they were mostly losers.

NOTES

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