



Petroleum Rent and the Problem of Economic Development in Rentier States: The Case of Algeria

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Abstract:

This study addresses the issue of petroleum rent and the problem of economic development in rentier states, with particular reference to Algeria as a rentier state. Accordingly, the study aims to examine how petroleum rent affects economic development in rentier states, while applying this analysis to Algeria as a case study. The study concludes that, following the emergence of a new political leadership in Algeria after 1999, during the presidency of the former President Abdelaziz Bouteflika, the ruling elite utilized the financial resources generated by petroleum rent to finance development programs aimed at achieving economic development and diversifying the economy, with the ultimate objective of reducing dependence on the rentier economy.

Finally, this study seeks to assess the extent to which the economic policies adopted by the Algerian political system during the presidency of Abdelaziz Bouteflika succeeded in achieving economic development and moving the country beyond the cycle of underdevelopment. This is examined by focusing on a set of indicators of economic development, particularly the level of economic growth and inflation.

Keywords: Petroleum Rent; Economic Development; Rentier States; Algeria Case Study.

Introduction:

Interest in the study of petroleum rent began in the early 1950s, coinciding with the discovery of major oil fields in various regions of the world, particularly in the Middle East. This interest emerged as a result of the significant impact that oil and gas had on both the global economy and international politics. Interest in petroleum rent increased considerably among researchers in the early 1970s, particularly following the 1973 oil crisis, which resulted from the sharp increase in hydrocarbon prices on international markets. Thus, the 1973 crisis highlighted the impact of petroleum rent on the global economy, particularly on oil-importing countries.



The effects generated by the 1973 oil crisis constituted a genuine starting point for economists and researchers seeking to understand how petroleum rent affects the global economy. During this period, numerous researchers introduced new concepts, such as rentier states, rentier economies, and the resource curse thesis. These studies demonstrated that petroleum rent may have negative effects on the economic, political, and social dimensions of states. Among these effects is its influence on the nature of political regimes in rentier states that rely on petroleum rent as a primary and, in some cases, almost exclusive source of economic activity.

Consequently, petroleum rent in rentier states may become a tool used outside its developmental context, as political regimes in such states may employ it to strengthen their dominance and ensure their continued hold on power for extended periods. This can occur through the distribution of petroleum-rent revenues rather than through the construction of a strong and diversified production-based economy capable of promoting development across its various dimensions, particularly the economic dimension.

Like many Middle Eastern countries, Algeria represents a model of a rentier state, as its national economy relies heavily on financial resources generated by hydrocarbon revenues. The hydrocarbon sector accounts for more than 50% of Gross Domestic Product (GDP) and more than 90% of total national exports. These rent-derived revenues are also considered a major source of public treasury revenues, particularly during periods of high hydrocarbon prices on international markets.

The substantial revenues generated from petroleum rent led the Algerian political system, particularly from the beginning of the third millennium and following the accession of a new political elite to power in 1999, to allocate these resources to various fields. One of the principal areas was the use of petroleum revenues to promote economic development and move the country beyond the cycle of developmental underdevelopment. This study therefore seeks to address the following research problem:

Research Problem: To what extent can petroleum rent be considered an impediment to economic development in Algeria?

To address this research problem, the study will examine and analyze the following themes:

Axis One: Oil Rent and Economic Development: A Conceptual Approach

Axis Two: The Relationship between Oil Rent and Economic Development in Rentier States

Axis Three: The Impact of Oil Rent on Economic Development in Algeria

The Utilization of Oil Rent in Economic Programs

An Evaluative Study of the Impact of Economic Programs on Selected Economic Development Indicators

Axis One: Oil Rent and Economic Development: A Conceptual Approach

1. Definition of Oil Rent and Related Concepts

A. Oil Rent:

The concept of rent is one of the classical economic concepts over which many economists and scholars have disagreed in their attempts to provide a comprehensive and inclusive definition. Among these scholars are Adam Smith, David Ricardo, Alfred Marshall, and Karl Marx. In general, rent, as an economic concept, may be defined as income or earnings that do



not result from active participation in the production process, yet the recipient obtains a share of the output. Accordingly, the distinctive characteristic of rent lies in whether or not the behavior of its recipient involves a productive dimension. In other words, the concept of rent refers to income that is not directly associated with the effort exerted by its recipient and is not linked to the production cycle.¹

Over time, however, the concept of rent has undergone considerable development. Rent derived from various natural resources in the economies of the Middle East and North Africa, particularly oil and gas rents, has increasingly come to be viewed as oil rent. Accordingly, oil rent refers to the total revenues generated from the sale of petroleum commodities after recovering extraction costs, namely investment and operating costs. In other words, oil rent refers to the surplus generated from total oil revenues after recovering investment and operating costs, together with investors' profit margins. This surplus is periodically paid by oil companies to the state producing the commodity, i.e., the rentier state.²

B. The Rentier State:

The concept of the rentier state was first associated with the Iranian scholar Hossein Mahdavy in 1970, through his study entitled *The Patterns and Problems of Economic Development in Rentier States: The Case of Iran*. This study is considered the intellectual starting point for theorizing the concept of the rentier state, as it linked the concept of rent to the state under the designation of the "rentier state." According to Hossein Mahdavy, the concept of the rentier state refers to countries that regularly receive or obtain substantial financial resources from external rents. External rent, in turn, is defined as rent paid by foreign individuals, institutions, or governments to individuals, institutions, or governments of particular countries.

In his discussion of rent, Hossein Mahdavy also argues that external sources of rent are multiple and diverse. He provides several examples of external rent, such as the fees paid by ships passing through the Suez Canal, or the payments made, for example, to Middle Eastern countries that allow oil pipelines to pass through their territories, as well as revenues generated from oil exports. Mahdavy further emphasizes in his study that rentier states are not necessarily associated with oil. Spain during the sixteenth century, for example, represents a historical case of a rentier state at that time, as its livelihood depended on the gold and silver that Spain obtained from its colonies in the Americas.³

The concept of the rentier state was further developed and elaborated by other economic scholars, notably Hazem Beblawi and Giacomo Luciani, through their attempt to apply this concept to Arab oil-producing states. According to these scholars, a rentier state is a state that

¹ Hazem Beblawi, "The Rentier State in the Arab World," *Arab Studies Quarterly*, Vol. 09, No. 04 (Fall 1987), pp. 383–384.

² Ikama Jean-Jacques, *Comment Partager la Rente Pétrolière? Les Enseignements d'une Expérience Africaine*, Paris: Éditions Technip, 2013, pp. 3–4.

³ Hazem Beblawi, "The Rentier State in the Arab World," in Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State, Nation State and Integration in the Arab World* (London: Croom Helm Ltd., 1987), p. 11.

derives a substantial proportion of its financial revenues from external sources in the form of economic rent. This concept also applies to Arab states that produce oil and its derivatives.

On the other hand, Giacomo Luciani introduced the term “allocation states” as a designation for rentier states. He defined them as states that derive their revenues, or obtain a substantial proportion of their financial revenues—often more than 40 percent—from oil or other foreign sources, while their expenditures constitute a substantial component of their gross domestic product.¹

Arab oil-producing states represent an ideal manifestation of the rentier state phenomenon, as oil revenues constitute the principal source of income for these countries. The state distributes oil rent, or part thereof, among its citizens through economic and social programs and policies known as public expenditure programs or public spending policies. Therefore, Giacomo Luciani uses the concept of “allocation states” to refer to these countries, in contrast to “production states.” The state acts as an intermediary between the oil sector and the other sectors of the economy through public expenditure programs.²

C. The Rentier Economy:

A rentier economy can be defined as an economy that is heavily and directly supported by state expenditure, while the state itself is supported by economic rent originating from external sources. Accordingly, the rentier state constitutes a subsystem associated with the rentier economy. In other words, the rentier economy is broader and more comprehensive than the rentier state.³ More generally, the concept of a rentier economy refers to an economy in which external rent plays a major role in the country's economic activity.⁴

As for the petroleum rentier economy, it refers to an economy that relies on economic rent generated from the production of oil and gas that is wholly owned by the state. The degree to which the national economy depends on such rent can be assessed according to several criteria. These include the oil sector's contribution exceeding the combined contributions of the industrial and agricultural sectors to gross domestic product (GDP); oil revenues financing the majority of public investment, which accounts for more than 50 percent of total investment; oil revenues financing more than 50 percent of current government expenditure within the ordinary annual budget; and the value of oil exports accounting for more than 50 percent of total exports.

¹ Yates, Douglas Andrew, *The Rentier State in Africa: Oil Rent Dependency and Neocolonialism in the Republic of Gabon* (Eritrea: Africa World Press, 1996), p. 13.

² Saleh Yasser, *The Rentier System and the Building of Democracy: The Impossible Duality: The Case of Iraq* (Friedrich Ebert Foundation, Baghdad Office, November 2013), pp. 4–5.

³ Hossein Mahdavy, “The Patterns and Problems of Economic Development in Rentier States: The Case of Iran,” in Michael Cook (ed.), *Studies in the Economic History of the Middle East* (London: Oxford University Press, 1970), pp. 428–432.

⁴ Hazem Beblawi, “The Rentier State in the Arab World,” in Hazem Beblawi and Giacomo Luciani (eds.), *The Rentier State, Nation State and Integration in the Arab World* (London: Croom Helm Ltd., 1987), p. 11.

On the other hand, some economists argue that when the contribution of non-productive or rentier sectors exceeds 50 percent of a country's gross domestic product (GDP), the economy may be regarded as a rent-based economy.¹

2. The Concept of Economic Development:

Before addressing the concept of economic development, it is first necessary to clarify what is meant by development in general, and then to highlight the concept of economic development in particular. Development is defined as a process of accelerating growth within society; it involves achieving a rapid and sustained increase in growth over a given period of time. Furthermore, development, in its various dimensions, should be directed toward serving individuals within the framework of the societies in which they live.² Development is also defined as a comprehensive and rapid societal process carried out through systematic and planned changes in the social, economic, and cultural structures and institutions of society. This is achieved by expanding the productive base and providing citizens with their various basic needs. In other words, development aims to move society from a state of underdevelopment toward a more advanced and developed society.³

As for the concept of economic development, it refers to a gradual increase in real gross domestic product (GDP), which was synonymous with economic growth in the early economic literature on development. However, the concept of economic development has evolved and has become broader than mere economic growth. Economic development is growth accompanied by the satisfaction of the various basic needs of members of society, including food, housing, healthcare, education, employment, etc., in addition to secondary or intangible needs, which can be summarized as self-actualization through production, participation in decision-making and self-determination, freedom of expression and thought, security, a sense of dignity, pride in citizenship, and other needs.⁴ Accordingly, economic development can be viewed as an improvement in the level of economic well-being of citizens. Economic development can also be achieved most effectively within a framework of overall macroeconomic stability.⁵

Section Two: The Relationship between Oil Rent and Economic Development in Rentier States

1. Oil Abundance and the Development Problem in Rentier States:

In previous decades, the abundance of natural resources was regarded as a source of economic strength for any country, owing to the development opportunities and potential that such

¹ Giacomo Luciani, "Allocation States versus Production States: A Theoretical Framework," in a collection of authors, edited by Ghassan Salameh et al., *Nation, State and Integration in the Arab World, Part One* (Beirut: Centre for Arab Unity Studies, 1989), p. 301.

² Mouloud Zayed Al-Tayeb, *Political Sociology* (Tripoli: University of the Seventh of April, 2007), p. 70.

³ Saleh Maalem Abu Bakr Omar, *The Role of Civil Society Institutions in Political and Social Development in Somalia* (Beirut: Dar Al-Arabia for Science Publishers, 2012), p. 26.

⁴ Baddache Abdelkarim, "A Study of Economic Development in Algeria during the Period 1999–2009," *Journal of North African Economies*, Vol. 06, No. 08, 2010, p. 113.

⁵ Syed Nawab Haider Naqvi, "Economic Development and Development Economics," *The Pakistan Development Review*, Vol. 32, No. 4, 1993, pp. 358–367.



resources provide and make available. However, the reality in resource-rich countries, particularly those endowed with oil and gas, does not support this assumption, given that most of them remain trapped in developmental underdevelopment. Accordingly, the oil-based development model currently adopted by many countries differs from the developmental role played by this wealth at the end of the nineteenth century in countries such as Australia, Canada, and the United States. The experiences of many oil-rentier states today demonstrate that the existence of such wealth does not necessarily imply the achievement of prosperity and economic development.¹ Therefore, the relationship between oil and the nature of the development process has generated considerable intellectual debate among researchers within the framework of what is referred to as the rentier state.²

According to one study, there is an inverse relationship between economic growth and the abundance of natural resources, particularly minerals and oil. This relationship has been observed extensively and repeatedly over a long period of time in countries differing in terms of population size and composition, income levels, and types of government. In particular, it has been found that countries considered poor in natural resources, i.e., countries without oil, for example, recorded economic growth rates four times higher than those of resource-rich countries between 1985 and 1993, despite the fact that these oil-producing countries possessed the largest share of savings. Moreover, the pronounced fluctuations between increases and decreases in oil prices place rentier states at the mercy of these variables. On this basis, price volatility can transform surpluses into deficits as a result of unexpected supply and demand shocks.³ Accordingly, one of the economic effects of increasing dependence on natural-resource exports is the weakening of economic growth in the rentier state, within the framework of what is known as the Dutch Disease.⁴

Consequently, according to Terry Lynn Karl, oil-based development models have, in most cases, produced highly negative outcomes in terms of economic growth, economic diversification, and social welfare indicators, in addition to the widespread prevalence of corruption. According to most statistics and figures, their developmental performance has been worse than that of non-rentier states. This represents a puzzling contradiction between resource abundance and developmental underdevelopment, or what Terry Lynn Karl termed the “Paradox of Plenty.” This paradox is supported by quantitative studies concerned with the resource curse thesis. In a joint empirical study conducted by Jeffrey Sachs and Andrew Warner, covering 97 countries between 1971 and 1989, the study concluded that oil-rich

¹ Adel Ourabah, *The Rentier State and the Security Problem: The Case of Algeria* (Unpublished PhD Dissertation in Political Science and International Relations, Specialization in International Security Studies, Faculty of Political Science and International Relations, University of Algiers 03, 2017/2018), p. 36.

² Gwenn Okruhlik, “Rentier Wealth, Unruly Law and the Rise of Opposition: The Political Economy of Oil States,” *Comparative Politics*, Vol. 31, No. 03 (April 1999), pp. 295–296.

³ Mohamed Ezz El-Arab, “The Rentier State,” *Scientific Concepts of Knowledge*, Monthly Bulletin, Al-Ahram: International Center for Future and Strategic Studies, No. 56, Sixth Year, 2010, pp. 15–16.

⁴ Michael Herb, “No Representation without Taxation? Rents, Development, and Democracy,” *Comparative Politics*, Vol. 37, No. 03 (April 2005), p. 298.

countries experienced slower and lower rates of growth than countries that did not possess natural resources.¹

This situation hinders the development process of countries that depend on such resources.² This argument is based on the fundamental premise that natural-resource wealth, rather than promoting economic development and growth, has become a cause of economic stagnation, corruption, and civil wars.³ Accordingly, the main causes and factors underlying the paradox between oil abundance and developmental underdevelopment in rentier states can be identified as follows:

A. Volatility of Oil Prices:

It can be argued that one of the main characteristics of the global oil market is its unpredictable and uncontrollable fluctuations, given that it is subject to exogenous factors ranging from natural, geo-economic, and geopolitical factors.⁴ This makes the process of controlling oil prices particularly difficult, as they are influenced by external factors beyond the control of individual states. Consequently, sudden changes in oil prices may lead to cycles of economic boom and recession. During periods of economic prosperity, rentier states generally do not face significant difficulties; however, when oil prices enter a downward cycle, this results in major financial difficulties for governments and may also lead to economic stagnation. This is understandable, given that fiscal policy in oil-rentier states plays a role that far exceeds the role it plays in non-oil-producing countries.⁵ Accordingly, fluctuations in oil prices can be said to have a significant impact on the budgets of rentier states, as well as on growth rates, individual incomes, unemployment and employment levels, and the volume of public investment. Any sudden collapse in oil prices affects these indicators, which are subject to a growth model based on the oil-rent variable.⁶

B. Dutch Disease:

The term “Dutch Disease” was first used by the British magazine *The Economist* in 1977 to explain the industrial decline observed in the Netherlands following the discovery of natural gas reserves in the North Sea during the 1960s. The phenomenon was subsequently observed in the United Kingdom, Australia, and later in many other countries. Despite the early attention given by journalists and policymakers to Dutch Disease, theoretical economic models explaining the phenomenon did not emerge until the early 1980s, in an attempt to explain this apparent paradox.⁷ This marked the beginning of numerous studies aimed at

¹ Adel Ourabah, op. cit., p. 36.

² Al-Arabi Al-Arabi, “Elections in Rentier States and the Limits of Democracy: The Case of Algeria,” *Arab Future*, Vol. 42, No. 491, 2020, p. 47.

³ Hussein Talib Hafez, “The Oil-Rentier State and the Construction of Democracy: Iraq as a Model,” *International Studies Journal*, Vol. 2015, No. 63, December 2015, p. 186.

⁴ Adel Ourabah, Op. cit., p. 37.

⁵ Mohamed Ezz El-Arab, Op. cit., p. 16.

⁶ Adel Ourabah, Op. cit., p. 37.

⁷ Edouard Mien and Michael Goujon, “40 Years of Dutch Disease Literature: Lessons for Developing Countries,” *Comparative Economic Studies*, Vol. 64, 23 November 2021, p. 354.



understanding the phenomenon, identifying its causes, and examining the implications of natural-resource abundance in different countries around the world.¹

The name of this economic phenomenon dates back to the period following the discovery of natural gas in the Netherlands in 1959.² It was referred to as “Dutch Disease” in reference to a state of functional idleness and laxity that affected Dutch society and was accompanied by an excessive consumption pattern.³ The expansion of the energy sector led to an appreciation of the local currency, thereby undermining the competitiveness of Dutch exports outside the energy sector, particularly industrial and agricultural exports. This created a form of economic slowdown in an economy that had previously been highly diversified.

Dutch Disease therefore refers to a situation in which a country receives substantial financial revenues in foreign currency as a result of exporting natural resources such as oil and gas.⁴ Such inflows may lead to an appreciation of the local currency beyond its real value, resulting in a deterioration or weakening of the competitiveness and export capacity of non-oil sectors, particularly productive sectors such as industry and agriculture.⁵ The state may consequently resort to adopting protectionist policies to promote competitiveness in these sectors. As a result, the financial burden falls increasingly on the oil sector in terms of employment and the provision of capital to protect other sectors. Over time, this may ultimately result in a permanent loss of competitiveness.⁶

C. The Taxation Problem:

What distinguishes a rentier state from other states is its considerable autonomy from society, which stems primarily from its fiscal independence. Since the rentier state does not rely heavily on taxation imposed on society, it becomes less subject to social oversight and accountability. Consequently, its fiscal independence contributes to its political and institutional autonomy from society.⁷

Accordingly, when governments in oil-rentier states have sufficient revenues from oil sales, they no longer need to impose substantial taxes on their citizens, or may not need to impose taxes at all. This reduces the population’s incentive to demand government accountability, political representation, and participation in governance.⁸ As a result, state behavior becomes less constrained by popular pressures, thereby encouraging a particular type of social contract

¹ Hakima Halimi, “Oil Rents: Between the Resource Curse, Economic Corruption, and the Repercussions of the Current Crisis: An Analytical Reading of the Negative Aspects of Oil in Algeria,” *Milaf Journal for Research and Studies*, No. 5, June 2017, p. 122.

² Hamza Ben Ezzine and Amal Rahman, “The Impact of Dutch Disease on the Economies of Oil-Producing Countries: The Case of Algeria,” *Algerian Institutions Performance Journal*, No. 12, 2017, p. 284.

³ Mayeh Shabib Al-Shammari, “Diagnosing Dutch Disease and the Requirements for Reforming the Rentier Economy in Iraq,” *Al-Ghary Journal of Economic and Administrative Sciences*, Vol. 5, No. 15, 2010, p. 5.

⁴ Adel Ourabah, *Op. cit.*, p. 37.

⁵ Amer Jamil Abdul-Hussein and Manea Habash Al-Tu'ma, “The Problematic Contradiction between Oil Rent and Sustainable Development in Iraq,” *Al-Ghary Journal of Economic and Administrative Sciences*, Vol. 13, No. 40, 2016, p. 109.

⁶ Adel Ourabah, *Op. cit.*, p. 37.

⁷ Michael Herb, *Op. cit.*, p. 298.

⁸ Hussein Taleb Hafez, *Op. cit.*, p. 181.

characterized by relatively weak demands from citizens, while the state provides numerous public services without requiring a corresponding tax contribution.

By contrast, a state financed through taxpayers is considered to meet one of the essential conditions for the existence of an independent and effective civil society capable of holding ruling regimes accountable and monitoring their actions.¹ Consequently, oil rents provide the state with a degree of insulation from social pressures, thereby reducing citizens' demands for accountability. This is consistent with the well-known English expression associated with the American scholar Michael Herb: "No taxation without representation."²

Based on the foregoing, since oil projects in many rentier states are large-scale, highly capital-intensive, and foreign-owned, they tend to have few productive linkages with the other sectors of the economies of these countries. In general, their revenues flow directly to governments, either in the form of royalties or rents paid by foreign oil companies, or in the form of taxes and profits earned by state-owned companies from oil exports. This situation eliminates the incentives to establish a tax system independent of the oil sector. Even when the state imposes taxes, they are generally levied at very low levels. This, in turn, severs the link between taxation, representation, and government accountability. Heavy dependence on oil constitutes an obstacle to the development of further productive activities and thereby undermines accountability, which is considered an essential factor in meeting the demands of taxpayers.³

Finally, it can be argued that a state receiving rent revenues generated externally, such as oil rents, is unlikely to impose taxes on its citizens. This places such a state in a politically different position and leads to economic practices that differ from those of productive states that rely on taxation of their citizens. Most forms of taxation, particularly modern forms of taxation, require broad-based consent, which in turn results in greater governmental oversight and wider participation by citizens.⁴

Section Three: The Impact of Oil Rent on Economic Development in Algeria

1. The Allocation of Oil Rent to Economic Programs:

Oil rent is considered one of the most important financial resources on which Algeria has relied in implementing its economic and development policies, with the aim of achieving economic and political stability and, consequently, improving development performance. Based on these circumstances, the ruling elite in Algeria, following the accession to power of the former President, Mr. Abdelaziz Bouteflika, in April 1999, sought to launch major development projects beginning in 2001 by utilizing the financial resources generated from oil rent to support these major development programs through a distributive policy based on oil rent. This was particularly significant given that this period was characterized by

¹ Adel Ourabah, *Op. cit.*, pp. 37–38.

² Gwenn Okruhlik, *Op. cit.*, pp. 295–296.

³ Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States*, edited by Svetlana Tsalik and Anya Schiffrin, *Covering Oil: A Reporter's Guide to Energy and Development* (New York: Open Society Institute, 2005), p. 29.

⁴ Giacomo Luciani, "Oil Rent and the Financial Crisis of the State and the Move Toward Democracy," in Ghassan Salamé et al. (eds.), *Democracy Without Democrats: The Politics of Opening in the Arab-Islamic World* (Beirut: Centre for Arab Unity Studies, 2nd ed., 2000), p. 180.



macroeconomic stability. Since the objective of these economic programs was to create economic stability as a means of achieving political stability and, consequently, economic development, the most important economic programs implemented in Algeria between 1999 and 2019 can be presented as follows:

A. The Economic Recovery Support Program (PSRE):

The Programme de Soutien à la Relance Économique (PSRE), or Economic Recovery Support Program, was a public investment program introduced by the public authorities during the period from 2001 to 2004, i.e., over a period of four full years.¹ The initial outlines of this program in Algeria emerged through the President of the Republic's electoral program and subsequently appeared as a third component of the government program².

The official announcement of the program was made in April 2001, based on the general assessment that it was necessary to diversify the country's exports, which were almost entirely dependent on the hydrocarbons sector. Revenues from this sector accounted for 60% of tax revenues and more than 30% of gross domestic product (GDP), while non-hydrocarbon exports generated only USD 1 billion.³

A substantial financial allocation was earmarked for the implementation of the Economic Recovery Support Program (PSRE) over the period from 2001 to 2004. Initially, its financial allocation amounted to DZD 525 billion, equivalent to approximately USD 7 billion. Subsequently, its final financial allocation reached approximately DZD 1.216 billion, equivalent to USD 16 billion, following the addition of new projects and the evaluation of most of the projects that had previously been planned.⁴

The program was also introduced as part of comprehensive economic reforms aimed at stimulating and revitalizing the national economy after it had suffered from stagnation as a result of the Black Decade and structural adjustment policies. This was achieved by assigning the state budget a role in financing development and thereby stimulating both domestic and foreign investment. The ultimate objective was to achieve economic growth that would contribute to economic and social development and promote local development across various sectors and at all levels.⁵

¹ Hadjira Nadjat Gafour, *Le Développement Local Conception Et Usage: Cas De L'Algérie*, (Magister's Thesis in Management Sciences, University of Mostaganem, Department of Commercial Sciences, 2010/2011), p. 60.

² Zakaria Messoudi, "Evaluation of the Performance of Economic Reform Deepening Programs in Algeria through Kaldor's Magic Square: A Study of the Period 2001–2016," *Algerian Journal of Economic Development*, No. 06, June 2017, p. 219.

³ Abdel Salam Filali, *Society and the State in Algeria 1999–2019* (Algeria: Al-Aqqad Publishing and Media, 2020), p. 203.

⁴ Lamia Mechouk, "The Economic Recovery Policy in Algeria and Its Impact on Employment and Unemployment, 2001–2014," *The Researcher Professor Journal of Legal and Political Studies*, No. 10, Vol. 02, June 2018, p. 611.

⁵ Yassine Boudiaf, "Economic Development in Algeria between Present Requirements and a Vision for the Future," *Journal of Studies in Development and Society*, Vol. 03, No. 05, 2016, p. 11.



B. The Complementary Programme to Support Economic Growth:

This new programme was introduced as a continuation of the Economic Recovery Support Programme (PSRE), and was designated as the Complementary Programme to Support Economic Growth (PCSCE), *Le Programme Complémentaire de Soutien à la Croissance Économique*. It covered the period from 2005 to 2009, as part of the continuation of the programmes and projects initiated and implemented during the period from 2001 to 2004.¹ An amount of USD 55 billion was initially allocated to this new programme; however, this financial allocation was subsequently increased to approximately USD 155 billion, particularly as a result of the continued rise in oil prices on international markets during that period.²

The Complementary Programme to Support Economic Growth (PCSCE) was approved pursuant to the Supplementary Finance Law for 2005, whose Article 27 stipulates the following: “A special allocation account, No. 302-120, entitled ‘Account for the Management of Public Investment Operations Registered under the Complementary Programme to Support Recovery’, shall be opened in the Treasury accounts.”³

Accordingly, the Complementary Programme to Support Economic Growth (PCSCE) constituted a public investment programme launched by the public authorities on 7 April 2005, as part of the continuation of the major development programmes based on public expenditure that had begun with the aforementioned programme.⁴ The primary objective of the Complementary Programme to Support Economic Growth (PCSCE) was to consolidate the results achieved under the previous programme in order to accelerate the pace of economic growth, thereby reducing unemployment and narrowing the poverty gap through the creation of employment opportunities in various sectors.⁵

The meeting held with senior officials of the nation on Thursday, 7 April 2005, provided an opportunity for the President of the Republic, Mr. Abdelaziz Bouteflika, to assess the first programme and formulate general perspectives regarding the content of the second programme. In his speech, he addressed in detail the objectives to be achieved through the programme and provided a direct approach to these objectives, stating: “This programme has been carefully formulated, and I have personally overseen the definition of its main components. I am therefore pleased today to announce that this programme will involve a

¹ People’s Democratic Republic of Algeria, Report on the State of Implementation of the National Action Programme in the Field of Governance, November 2008, pp. 112–113.

² Abdelsalam Filali, op. cit., p. 205.

³ Article 27 of Ordinance No. 05-05, dated 19 Jumada al-Thani 1426 AH, corresponding to 26 July 2005, containing the Supplementary Finance Law for 2005 (Official Gazette of the People’s Democratic Republic of Algeria, No. 52, Forty-Second Year, 2005), p. 8.

⁴ Nassira Salhi and Choib Kmaz, “Efforts to Build Human Capital in Algeria in Light of the Content of the 2001–2019 Economic Development Plans,” *Algerian Journal of Security and Development*, Vol. 8, No. 15, July 2019, p. 109.

⁵ Zakaria Massoudi, op. cit., p. 220.



total amount estimated at DZD 4,202.7 billion in development-related public expenditure for the period extending until 2009.”¹

C. The Economic Growth Consolidation Programme:

The Economic Growth Consolidation Programme was a five-year public investment programme introduced by the President of the Republic, Mr. Abdelaziz Bouteflika, at a Council of Ministers meeting held on Monday, corresponding to 24 May 2010. This programme formed part of the dynamics of national reconstruction that had begun ten years earlier with the Economic Recovery Support Programme in 2001. This dynamic was subsequently continued through another programme covering the period from 2005 to 2009, namely the Complementary Programme to Support Economic Growth, which was itself reinforced by additional programmes, particularly those targeting the High Plateaus and the southern provinces, with the aim of completing the projects planned under the previous programme.

Another programme was subsequently introduced for the period 2010–2014, namely the Economic Growth Support Programme (PCCE).² In order to finance the public investments envisaged under this programme in Algeria, a special allocation account was established pursuant to the Finance Law for 2010. Article 70 thereof stipulates the following: “A special allocation account, No. 302-134, entitled ‘Account for the Management of Public Investment Operations Registered under the Economic Growth Support Programme (PCCE) 2010–2014’, shall be opened in the Treasury accounts.”³

Furthermore, the financial allocation earmarked for the Economic Growth Support Programme (PCCE) 2010–2014 was estimated at DZD 21.214 billion, equivalent to USD 286 billion. This programme comprised two main components⁴

Completion of major development projects that were already under implementation, particularly in the sectors of railways, roads, and water resources, with a financial allocation estimated at DZD 9.700 billion, equivalent to USD 130 billion.

Launch of new development projects, with a financial allocation estimated at DZD 11.534 billion, equivalent to USD 156 billion.

D. Economic Growth Consolidation Programme:

The Economic Growth Consolidation Programme is a public investment programme implemented during the period from 2015 to 2019. It forms part of the series of development programmes previously announced. The programme was approved under the Finance Law for 2015, pursuant to Article 121, which stipulates the following:

¹ Abdelsalam Filali, *op. cit.*, pp. 205–206.

² Report of the People’s Democratic Republic of Algeria, Communiqué of the Council of Ministers of 24 May 2010: Five-Year Development Programme 2010–2014, p. 1.

³ Article 70 of Law No. 09-09, dated 14 Muharram 1431 AH, corresponding to 31 December 2009, containing the Finance Law for 2010 (Official Gazette of the People’s Democratic Republic of Algeria, No. 78, Forty-Sixth Year, 2009), p. 25.

⁴ Report of the People’s Democratic Republic of Algeria, Communiqué of the Council of Ministers, 24 May 2010, Five-Year Development Programme 2010–2014, *Op. Cit.*, p. 01.



“A special-purpose appropriation account, No. 302-143, entitled ‘Economic Growth Consolidation Programme 2015–2019’, shall be opened in the Treasury accounts. On the revenue side, this account shall record the budgetary appropriations allocated annually within the framework of the Economic Growth Consolidation Programme 2015–2019. On the expenditure side, it shall record expenditures related to the implementation of public investment projects registered under the Economic Growth Consolidation Programme 2015–2019.”

A financial allocation of DZD 3.615 billion was earmarked for the programme in 2015.¹ In 2016, the amount allocated to the programme was estimated at DZD 1.655 billion. It can be observed from this programme that the economic and administrative infrastructure sector received the largest share of the total financial allocations under the Economic Growth Consolidation Programme, followed by the agriculture and irrigation sector, among others.²

Among the objectives pursued by the Economic Growth Consolidation Programme 2015–2019 were the following:³

Preserving social gains by giving priority to improving citizens’ living conditions in the sectors of housing, education, vocational training, and public health, as well as connecting households to water, electricity, and natural gas networks, among others. The programme also sought to rationalize social transfers and provide support to disadvantaged working groups.

Promoting greater economic diversification and increasing non-hydrocarbon exports, while paying greater attention to agricultural and rural development, given their contribution to achieving and diversifying food security.

Creating employment opportunities and continuing efforts to combat unemployment, while encouraging productive investments that generate wealth and employment.

Giving particular attention to training and the quality of human resources by encouraging and promoting the training of executives and qualified workers.

1. Evaluation of the Impact of Economic Programs on Selected Economic Development Indicators

Assessing the success or failure of any economic policy cannot be undertaken without providing a critical evaluation of the outcomes of that economic policy in comparison with the objectives set for it. This is intended to determine the extent to which the policy has succeeded in achieving its objectives and how effective it has been. Accordingly, the main objective of our study of the impact of economic programs in Algeria since 2001 is to determine the extent to which the economic policies adopted by the political system during that period succeeded in achieving their stated objectives, namely, achieving economic

¹Article 121 of Law No. 14-10 dated 9 Rabi' al-Awwal 1436 AH, corresponding to 31 December 2014, containing the Finance Law for 2015 (Official Gazette of the People's Democratic Republic of Algeria, No. 78, Fiftieth Year, 2014), pp. 41–48.

² Law No. 15-18 dated 19 Rabi' al-Awwal 1437 AH, corresponding to 31 December 2015, containing the Finance Law for 2016 (Official Gazette of the People's Democratic Republic of Algeria, No. 72, Fiftieth Year, 2015), p. 38.

³ Houda Ben Mohamed, “Presentation and Analysis of Development Programmes in Algeria during the Period 2001–2019,” *Journal of the Faculty of Politics and Economics*, No. 05, January 2020, p. 51.

development and consequently escaping the cycle of underdevelopment and dependence on a rentier economy. This can be examined by focusing on several relevant indicators, particularly the level of economic growth and inflation, which can be addressed as follows:

A. Analysis of the Economic Growth Indicator: Economic growth is one of the most important macroeconomic indicators of economic stability. It refers to the sustained increase in gross domestic product (GDP), resulting in an increase in the average individual share of national income. Raising the economic growth rate and ensuring its continuity and sustainability were among the fundamental objectives pursued by all economic development programs implemented in Algeria since the beginning of the millennium, particularly in light of the significant and noticeable improvement in hydrocarbon prices.¹

Consequently, the substantial financial allocations devoted to these public investments made it possible to improve many of Algeria's macroeconomic indicators during the period extending from 1999 to 2019, particularly through the elimination of the burden of external debt. During this period, Algeria adopted a policy of early repayment of its external debt, which had amounted to more than USD 27 billion in 1999. Moreover, substantial expenditure on public services and public investment contributed to an increase in GDP from USD 48.258 billion in 1999 to more than USD 171.09 billion in 2019. The per capita share of GDP also more than doubled between 1999 and 2019, rising from USD 1,588.3 to USD 3,974.0. The economic growth rate likewise increased, with per capita GDP serving as one of the principal indicators used to measure it. Nevertheless, overall growth remained modest and disproportionate to the scale of public expenditure and major public investments. Indeed, Algeria invested more in its economy during the period from 1999 to 2019 than it had invested during the entire period from independence in 1962 to 1999.²

The year 1999 also marked the beginning of a return to relatively high levels of economic growth, particularly after Algeria had experienced negative and weak economic growth rates during the 1990s. According to data published by the World Bank concerning Algeria during the period from 1999 to 2019, the country's economic growth rate, as reflected in the evolution of GDP, increased between 1999 and 2019, with an average rate of 3.2 percent. Meanwhile, the average per capita share of GDP amounted to approximately USD 3,705.4 billion,³ as shown in the table below.

However, this growth remained weak and modest in relation to the available potential and resources, particularly given its strong dependence on the oil sector. It did not reach the required level of growth, namely a rate equal to or exceeding 7 percent over a quarter of a century or more, according to the definition of sustainable economic growth adopted by the

¹ Hamid Guerroumi and Hamza Ben Leshab, "Public Expenditure and Its Role in Achieving Economic Stability in Algeria during the Period 2000–2017," *Maarif Journal*, Vol. 13, No. 01, 2018, p. 363.

² Adel Ourabah, *op. cit.*, p. 260.

³ Rania Belmadani, "The Impact of Development Policies on Employment Opportunities: The Case of Algeria," in a collective volume edited by Abdelkader Achraf Abdelaziz et al., *Economic Growth and Sustainable Development in Arab Countries: Development Policies and Employment Opportunities – Country Studies* (Doha: Arab Center for Research and Policy Studies, 2013), p. 36.

World Bank's Commission on Growth and Development. Accordingly, the levels of economic growth recorded in Algeria during the period from 1999 to 2019 remained largely driven by revenues from the oil sector as a result of the rise in oil prices on international markets. This occurred despite the substantial financial resources allocated to development programs, one of whose principal objectives was to raise the level of economic growth outside the hydrocarbon sector.¹

By comparing the economic growth achieved in Algeria with that recorded in other non-oil-dependent countries, based on data from the World Bank, it can be observed that the level of economic growth recorded in Algeria during the period from 1964 to 2019 was very low, as it achieved an average annual growth rate of +1.40%. This represents a low growth rate compared with non-oil-producing countries at approximately the same level of economic development, with the exception of some countries such as South Korea. During the same study period, Tunisia recorded an average growth rate of +3.25%, Morocco +2.21%, and South Korea +5.63%.

Regarding the evolution of GDP per capita, it increased by a factor of 1.93 in Algeria during the period from 1999 to 2019. However, this remains modest compared with other countries at a similar level of economic development. It also remains low compared with the evolution of Algeria's Gross Domestic Product (GDP), which increased sixfold from independence until 2019. This growth remains very weak compared with internationally recorded figures for African countries such as Morocco (2.83), Tunisia (3.79), and Egypt (3.87), as well as Asian countries such as South Korea (12.67) and China (29.95).

These countries can be considered to have succeeded in achieving substantially higher rates of economic growth, in contrast to oil-rentier economies, including Algeria. The annual GDP growth rate and GDP per capita in US dollars are presented below.²

Table 1: Evolution of the Economic Growth Indicator in the Algerian Economy during the Period 1999–2019

Year	1999	2001	2004	2005	2009	2010
Annual GDP growth rate (%)	3.2	3.0	4.5	5.4	1.2	4.8
GDP per capita (US\$)	1,596.1	1,896.3	2,817	3,233.1	4,235.4	4,912.8
Year	2014	2015	2019			
Annual GDP growth rate (%)	4.1	3.2	0.9			
GDP per capita (US\$)	6,094.7	4,685.1	4,468.5			

¹ Ahmed Djenane and Mohamed Boudouaya, "Towards Building a Competitive Agricultural Economic Power as a Necessary and Fundamental Condition for Achieving Sustainable Economic Growth in Algeria," *Journal of Scientific Research and Studies*, Vol. 11, No. 01, 2017, p. 05.

² Ahmed Bouyacoub, "Croissance économique et développement 1992–2012 : Quel bilan ?", *Insaniyat*, Vol. 16, Nos. 57–58, July–December 2012, pp. 94–95.

Source:

The World Bank, GDP Growth (Annual %) – Algeria, accessed on 15/01/2026, URL:

<https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=DZ>

The World Bank, GDP per Capita (Current US\$) – Algeria, accessed on 15/01/2026, URL:

<https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=DZ>

As can be observed from Table 1 above, the economic growth rates in Algeria during the period extending from 1999 to 2019 were very modest and weak compared with some of the figures recorded at the international level. This can be attributed to the limited effectiveness of the economic policies implemented in Algeria in supporting wealth creation and production, and consequently in achieving economic development and reducing dependence on a rentier economy based primarily on the hydrocarbon sector.

B. Analysis of the Inflation Indicator:

The term inflation refers to an increase in the general price level over a given period of time,^[1] whereas the inflation rate represents the percentage change occurring in the general price level.¹ The indicator used to measure inflation is the Consumer Price Index (CPI) – L'Indice des Prix à la Consommation (IPC). Accordingly, in order to address the phenomenon of inflation and curb the increase in the general price level, the Algerian public authorities, through their economic policy based on public expenditure, sought to reduce the high inflation rates and move beyond the rates recorded during previous periods, namely the 1970s, 1980s, and 1990s.²

This was to be achieved by raising the level of economic growth, particularly in non-oil productive sectors, and reaching an annual inflation rate of less than 10%, thereby overcoming the high inflation rates previously recorded. In order to improve the population's standard of living, the Algerian public authorities, during the period extending from 1999 to 2019, sought through an expansionary economic policy to address the phenomenon of inflation, particularly because the effects of inflation are directly reflected in the social sphere. These effects include a decline in citizens' purchasing power and, consequently, the emergence of protest movements demanding improved living conditions as a result of rising prices, such as the protests over oil and sugar prices in Algeria in 2011, for example. Therefore, inflation necessarily constitutes a negative indicator from a social perspective within society.³ For further details concerning the inflation rate in Algeria during the period 1999–2019, see the table below.

Table 2: Evolution of the Inflation Rate in Algeria during the Period 1999–2019

Year	1999	2001	2004	2005	2009	2010
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¹ Adel Ourabah, op. cit., p. 272.

² Bachir Boulehbail, *La Algérie de demain: Relever les défis pour gagner du travail Emploi-Chômage-Salaires et productive du travail*, Report presented to the Friedrich Ebert Foundation, Algiers Office, September 2008, p. 10, URL: <https://library.fes.de/pdf-files/bueros/algerien/06413.pdf>.

³ Adel Ourabah, op. cit., p. 272.



Inflation Rate (%)	2.65	4.20	4.00	1.40	5.70	3.90
Year	2014	2015	2019			
Inflation Rate (%)	2.90	4.80	3.07			

Source:

Bank of Algeria, IPC et Inflation, accessed on 15/01/2026, URL: <https://www.bank-of-algeria.dz/ipc-et-inflation/>

The World Bank, Inflation, Consumer Prices (Annual %), accessed on 15/01/2026, URL: <https://databank.worldbank.org/indicator/FP.CPL.TOTL.ZG/1ff4a498/Popular-Indicators>

It can be inferred from Table 2 that, despite the noticeable, albeit limited, improvement in inflation rates in Algeria during the period 1999–2019, with an average annual rate of 3.84%, citizens' purchasing power remained weak and fragile in relation to the National Guaranteed Minimum Wage (SNMG – Salaire National Minimum Garanti). Although the national guaranteed minimum wage in Algeria was increased several times, rising from DZD 6,000 in 1998 to DZD 18,000 at the beginning of 2012, without any significant corresponding improvement in productive performance,¹ citizens' purchasing power did not improve in the context of the continuous increase in the prices of widely consumed goods, such as cooking oil, sugar, cereals, and milk powder, on international markets.

Despite the intervention of the public authorities through exemptions applied to these commodities, such measures remained temporary solutions and contributed to increasing the burden of public expenditure. All these factors had a negative impact on citizens' purchasing power despite the substantial public investments and significant financial allocations made at the time.² Consequently, within a rentier development model based on the hydrocarbons sector, characterized by widespread speculation, the parallel market, and excessive reliance on currency devaluation, it is difficult to speak of stable and sustained purchasing power.³

This also demonstrates the weakness of purchasing power in Algeria due to the high inflation rate resulting from the economy's dependence on rentier resources. To further substantiate this point, a comparison can be made with other non-oil-producing countries in Africa, Europe, and the Americas in terms of their respective inflation rates. It can be observed that countries whose economies rely on oil rents as a primary source of national income are more exposed to inflation than countries that rely on productive sectors such as industry, agriculture, and tourism. The latter countries have greater control over inflation, which consequently contributes to improving the purchasing power of their citizens. According to data available from the World Bank for 2019, for example, the inflation rate in Morocco was estimated at 0.30%, while in Italy it was 0.61%, in the United States of America approximately 1.81%, and finally in Canada 1.95%. These relatively low inflation rates in

¹ Redoune Ensaad & Nadjat Benfriea, "Impact of Inflation on Economic Growth – Standard Study – Algeria 1990–2018," *Economic Researcher Review*, Volume 08, Issue 13, June 2020, p. 176.

² Abderrahmane Toumi, *Economic Reforms in Algeria: Reality and Prospects* (Algeria: Dar Al-Khaldounia for Publishing and Distribution, 2011), p. 228.

³ Abdel Salam Filali, op. cit., p. 234.



these countries can be explained by their reliance on productive sectors rather than on a single sector, namely the oil sector. This, in turn, has a positive impact on the purchasing power of their populations.¹

In addition, the national economy's dependence on the hydrocarbons sector, together with its dual structure in terms of supply and demand as well as imports and exports, and the financing of various development policies through rentier revenues, meant that the failure to establish a diversified and competitive production-based economy during that period made the economy highly vulnerable to changes in the general level of consumer prices. It also remained fragile, as evidenced by the rapid decline in foreign exchange reserves and the increase in consumer prices during that period. This situation was further exacerbated by the depreciation of the national currency against the euro and the US dollar, in addition to the money supply, which was closely linked to oil prices on international markets. All these factors had a significant impact on citizens' purchasing power. Among the examples illustrating the existence of inflation and the deterioration of purchasing power in Algeria is the fact that the price of a particular type of car purchased in 2008 could be equivalent to its price in 2019. The same phenomenon can be observed in certain widely consumed imported goods whose prices are subsidized by the state, such as cooking oil, sugar, and powdered milk. Inflation was also particularly evident in the prices of various types of housing.²

In this context, the causes of inflation and the deterioration of purchasing power in Algeria during the period from 1999 to 2019 can be attributed to economic policy itself. The adoption of economic recovery programs from 2001 to 2019, based on the Keynesian approach aimed at increasing effective aggregate demand, was accompanied by an increase in expenditure, whether in the form of consumer expenditure or investment expenditure. At the same time, the performance of productive sectors outside the oil sector declined and weakened, leading to an increase in imports and, consequently, higher prices of goods and services. In addition, certain structural imbalances in the national economy, including the decline in the real exchange rate, contributed to the increase in the inflation rate during that period, which in turn resulted in a deterioration in citizens' purchasing power.³ Accordingly, based on the foregoing, the causes of inflation in Algeria can be attributed to two main factors:⁴ inflation in imported food prices, which constitutes imported inflation, and the substantial and increasing government expenditure allocated to subsidizing essential commodities.

Finally, it can be concluded that the economic policy implemented by the political system in Algeria during the period from 1999 to 2019, which aimed to achieve economic development and reduce dependence on the hydrocarbons sector by attempting to maintain inflation at

¹ Abderrahmane Toumi, op. cit., p. 23.

² The World Bank, Inflation, Consumer Prices (Annual %), Op. Cit. Available at: <https://databank.worldbank.org/indicator/FP.CPI.TOTL.ZG/1ff4a498/Popular-Indicators>

³ Abdessalam Filali, previously cited reference, pp. 234–236.

⁴ Tahar Chelihi and Zerrouk Ben Mouafak, "Fiscal Policy Orientations in Algeria in Light of the Development Plans during the Period 2010–2014," *Nour Journal of Economic Studies*, Vol. 05, No. 02, December 2019, p. 106.

relatively low levels, was somewhat unsuccessful when compared with the large financial allocations devoted to this objective. This can be attributed to the fact that these financial resources were not sufficiently invested in ways that could contribute to raising the required rate of economic growth and moving away from a rentier oil-based economy. Economic growth during that period remained largely dependent on and driven by the oil sector as a result of high oil prices in international markets. Moreover, the weakness of productive sectors outside the oil sector constituted another factor that contributed to the increase in the general price level of consumer goods and services, thereby weakening citizens' purchasing power.

Conclusion:

Ultimately, this study sought to address a research problem concerning the extent to which petroleum rent can be regarded as an impediment to economic development in Algeria during the period of the former President Abdelaziz Bouteflika, who subsequently resigned from office. The study also examined several concepts related to petroleum rent, including the concepts of the rentier state and the rentier economy, in addition to examining the concept of economic development. Furthermore, the study sought to highlight the relationship between petroleum rent and economic development in rentier states. At the end of the study, the theoretical framework was applied through a case study of Algeria as a model, with the aim of determining how petroleum rent affected economic development in Algeria during the period from 1999 to 2019.

Based on the foregoing, the study reached a number of conclusions, the most important of which are as follows:

The oil-rent variable, as an independent economic variable, is one of the most important economic concepts that played a significant role in shaping what is known as the rentier state in the Middle East and North Africa region. These are states whose economic activity relies predominantly on a single economic resource.

The study also found that petroleum rent has multiple effects on economic development. Accordingly, development models based on petroleum rent have largely produced negative outcomes in terms of economic growth, economic diversification, and inflation.

The study further concluded that petroleum rent constitutes an impediment to economic development in rentier states. Consequently, oil-rich countries tend to exhibit weaker development performance and grow at a slower pace compared with other non-oil-producing countries whose economies are based on productive activities. Oil-rich countries may therefore continue to experience developmental underperformance. In this context, natural-resource wealth, rather than enhancing and achieving economic development and growth, may become an obstacle to achieving economic development in rentier states.

The study also concluded that the oil boom and the surge in international oil prices at the beginning of the millennium contributed significantly to increasing the revenues of the public treasury in foreign currency. This enabled the ruling elite during the presidency of Abdelaziz Bouteflika, between 1999 and 2019, to utilize these revenues in various political, economic, and social spheres in order to maintain its hold on power. Among the uses of these revenues



was the pursuit of economic development through various rent-based redistributive policies aimed at creating economic and political stability and, consequently, achieving economic development.

Finally, it can be concluded that the economic policy pursued by the political system in Algeria at the beginning of the new millennium, with the aim of achieving economic development and reducing the country's dependence on the rentier model, did not fully achieve its intended objectives. Its effectiveness remained limited due to the excessive reliance on revenues from the oil sector, which is vulnerable to recurrent external shocks. This adversely affected the development model as a result of the fragility of Algeria's economic and social conditions at different periods between 1999 and 2019. This situation highlights the necessity of diversifying the Algerian economy through various economic reforms capable of generating wealth outside the hydrocarbons sector and, consequently, reducing the country's dependence on the rentier model.

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