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NUMBER 62-64

Algeria

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

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Concurring:

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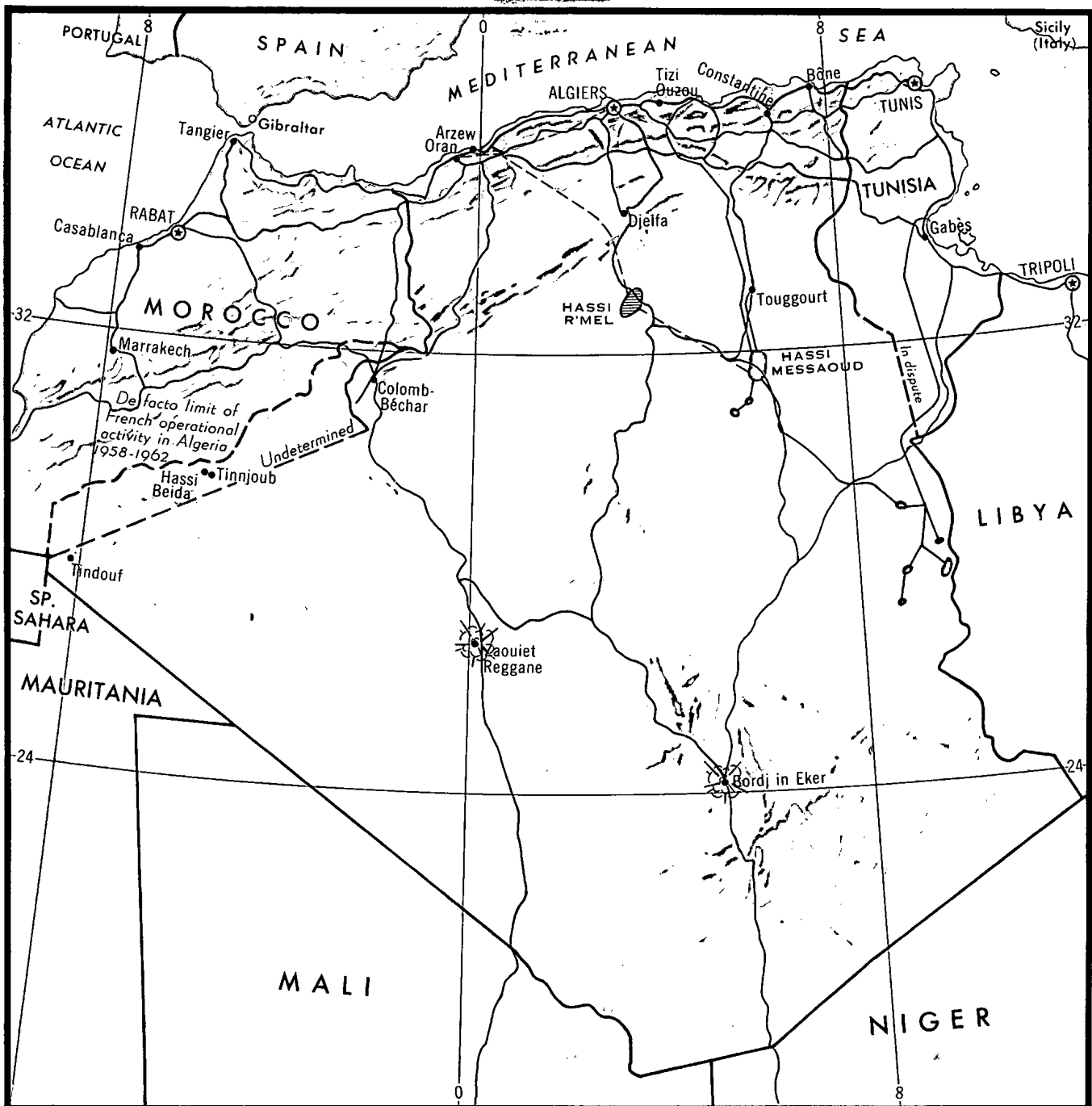
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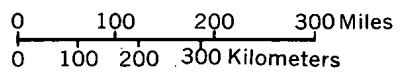
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ALGERIA

- Railroad
- Major road or track
- ⊛ Nuclear test site
- Oil pipeline
- - - Natural gas pipeline
- Producing oilfield
- ⊙ Producing gasfield



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ALGERIA

THE PROBLEM

To assess the situation in Algeria, and to estimate its prospects over the next two years or so.

CONCLUSIONS

A. We think that Ben Bella's chances of remaining in power for the next two years or so are good. He will probably continue to keep a narrow but fairly solid power base, especially in the military establishment, where Vice President and Minister of Defense Boumedienne appears loyal. We do not believe that Boumedienne would use the army to oust Ben Bella, except under extraordinary conditions. (*Paras. 13, 24-25*)

B. The economy will probably continue to decline for a time, and will probably stabilize at a lower level than at present. We do not believe that the economic situation will deteriorate so far as to generate extreme political discontent. The majority of the people will follow the traditional subsistence agricultural pattern, while the new society of politically important elements, including the army, bureaucracy, and workers on nationalized farms, is likely to continue to fare better than under the French. (*Paras. 16, 24, 28*)

C. The 60,000 man Algerian military establishment has been largely re-equipped with Soviet weapons in the past year or so. It can maintain internal security and is improving vis-a-vis its most likely external rival, Morocco. In about a year it will probably be superior to the Moroccans. However, while Algerian-Moroccan relations are likely to remain uneasy, a recurrence of major hostilities is unlikely. (*Paras. 11, 14-15, 41*)

D. Algeria will probably move away, albeit slowly and haphazardly, from its close linkage with France, and the latter's aid will

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almost certainly decline after 1965, when the nuclear test sites will no longer be needed. French interests, especially oil, as well as Algeria's need for financial aid, will militate against a complete break. The coming years are likely to be marked by continued frictions, however, as Algeria strives to reduce its dependence without losing the benefits of the association, but a major breach will probably be avoided at least as long as de Gaulle lives. (*Paras. 31-32*)

E. Algeria's revolutionary convictions lead it to support virtually any movement bearing the anti-colonialist label. In Africa particularly, Ben Bella will provide moral support, as well as arms and training, to revolutionary movements, often in concert with Soviet and Chinese actions. This already conflicts with US policies in sub-Saharan Africa and would be especially serious if a rebel movement were to develop the staying power to wage a drawn-out guerrilla conflict. In any event, US-Algerian relations are likely to be marked by growing frictions. (*Paras. 29, 36-39*)

F. Both Soviets and Chinese appear to regard the Ben Bella regime as promoting their respective interests by its predilection for supporting revolutionary movements. While this condition obtains and at least as long as French assistance and presence remain strong, the USSR and China will be content to play a background role, although continuing to provide economic aid. A major breach between France and Algeria could open the way for greatly increased Soviet influence. However, the Soviets would be faced with problems, as well as opportunities, especially since providing budget support would break a precedent and also be very costly. (*Paras. 34-35*)

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DISCUSSION

I. INTRODUCTION

1. In the two and a half years since independence, Algeria has changed almost beyond recognition. The mass exodus of the European population has pulled Algeria back from the impressive level of modernization attained under the French. Gone are virtually all the managerial and technical personnel who operated the modern industrial sector and who consumed a significant proportion of its products. This industrial retrogression has left in its wake chronic unemployment in urban areas running as high as 50 percent of the male work force. The agricultural sector, too, has been seriously affected. Algerian farms do not produce sufficient food for the urban population, and the country must import substantial quantities of food. The traditional subsistence farming regions, where more than half of Algeria's 11 million people live, are especially hard pressed, as a result of great destruction during the rebellion. These difficulties have been compounded by the intense political infighting which until recently absorbed much of the energy of Algeria's leaders.

2. Despite all this, Algeria has managed to survive. The Algerians have taken over the French system of administration—departments administered by prefects controlled from Algiers—and though local administration is of uneven quality, the governmental system has worked adequately, with the assistance of several thousand French technicians. In other respects as well, Algeria has benefited from its inheritance from the French. It has an excellent transportation network serving the entire country. Housing, though not satisfactory, is now reasonably adequate, since in the burgeoning cities squatters have moved into apartment buildings formerly inhabited by foreigners. Essential services—post, telephone, public utilities, transport—function fairly well, in part because they are serving fewer customers than they were designed to handle. With the exception of a few areas of dissidence, the countryside is peaceful. Education is improving, at least in quantity, and more than a million children are in school this year.

3. Since independence, and particularly during the past year, authority has been increasingly concentrated in the hands of one man, Ahmed Ben Bella. Of the other eight "historic chiefs" who launched the rebellion in 1954, three died in the struggle, one is in jail, and four are in exile. The second level of wartime leaders has similarly been thrust aside by Ben Bella, who has demonstrated great political skill and considerable ruthlessness in establishing his authority. With the support of the military establishment, he has put in train the process of "building socialism" in Algeria.

II. SOCIALIST ALGERIA

4. A new society has emerged in Algeria, comprising those who have assumed the roles left vacant by the departure of more than 900,000 Europeans. Its principal constituents are a new bureaucracy of some 30,000 persons, the National

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Popular Army (ANP) numbering about 60,000 men, and the Front de Libération Nationale (FLN), Algeria's only legal political organization. Also participating to varying degrees in this new society are such groups as organized labor, urban shopkeepers, and youth and student organizations. Further major beneficiaries of the European exodus are the half million or more agricultural workers who have moved onto abandoned European lands and who run them under self-management committees. All these elements are better off than they were under the French. In contrast to these favored elements are the peasantry in the subsistence agricultural sector and the large body of urban unemployed who together comprise over two-thirds of the population.

5. This new society provides the general basis for Ben Bella's exercise of power. In the past year, he has succeeded in consolidating his political supremacy and in neutralizing most of his opponents. Ben Bella's principal colleagues are a group of influential figures thrown up by the revolution, chief among them being Minister of Defense Boumedienne, FLN organizer Hajj Ben Alla, and Minister of Power and Industry Boumaza. The top echelons of the government are staffed almost exclusively by youngish men who played secondary roles during the rebellion, and who either sided with Ben Bella and Boumedienne or remained neutral during the power struggle that followed independence. Many of them were officers in the wartime Army of National Liberation, particularly in the units outside Algeria's borders.

6. Political infighting and competition for power, which characterized the early months of independence, have sharply declined as Ben Bella has gradually eliminated his opponents. The opposition leaders are characterized by a marked inability to cooperate among themselves and by a divergence of political philosophy running from the parliamentary democracy of Ferhat Abbas to the doctrinaire socialism of Mohamed Boudiaf, far to the left of Ben Bella. Ben Bella has secured the election of a tame National Assembly and has purged potential rivals from important positions in the government and FLN. Similarly the regime has virtually wiped out "wilayism"—the efforts of local guerrilla chiefs to retain their autonomy—by a shrewd combination of placation and repression as necessary. Today, the regime's opponents are virtually all in jail, under house arrest, or in exile. A handful have been executed.

7. Algeria at the close of 1964 is very much Ben Bella's Algeria, in which his personal style, biases, and attitudes are dominant. He leads an austere life and seems to care little for the customary trappings of the leader. He describes his program as Islamic socialism. It is, in fact, a poorly defined ideology compounded of elements of nationalism, Arabism, and a strong sense of African mission, expressed in the vocabularies of French and Marxist revolutionary traditions. He appears to aim at establishing a social order based on social justice and the equitable sharing of material goods among all citizens. He has not demonstrated that he has an orderly program for achieving this new order, however, but seems to rely on day to day decisions to cope with problems as

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they arise. Many of these opportunistic decisions, particularly in the economic field, are characterized by an instinctive opposition to what he had known under French rule.

8. The government's emphasis on socialism is little appreciated by the bulk of the population, which chiefly wants food, work, and a chance to rebuild lives shattered by the strains of war. This war-weariness has caused many to stand aside from the power struggles of the past two years. The initial popularity of Ben Bella among the peasantry has dwindled considerably. Today his power base is narrow; but it is solid in those groups which have profited from the revolution and which have a stake in the continued existence of the regime.

9. Under Ben Bella, the regime has become progressively more authoritarian, and dissent has been gradually stifled. A man bored by detail, he tends to use whatever mechanism is nearest at hand to accomplish a particular task. Thus, directives from the presidency—and most initiatives are derived from it—may be channeled through the bureaucracy, the FLN, or the army. This practice has tended to blur lines of command and to make the administration overly dependent on decisions from the top. There is also a gulf between the government apparatus and the populace. The FLN lacks an effective apparatus to mobilize popular support. Its ranks contain many opportunists and few leaders of stature; most Algerians have remained apathetic to it.

10. Although the Soviets have treated the FLN virtually as a fraternal party, the regime's policies and practices have given the Communist movement as such only limited scope for increasing its influence within Algeria. Individual Communists have been accepted into the FLN, but they appear to have little direct effect on the party program. The substantial numbers of students (over 300) and military personnel (some 800 or more), studying in the Bloc are a potential source of Soviet influence.

III. THE MILITARY ESTABLISHMENT

11. Since independence, the "interior army," a heterogenous collection of guerilla bands that carried on the rebellion within Algeria, and the "exterior army," which had been organized in neighboring countries, have been whipped together into a national army of some 60,000 men. The ANP is the most privileged group in the country, well paid, well fed, well housed. Following the border troubles with Morocco in the fall of 1963, the Algerians accelerated the buildup of their armed forces, particularly in armor, artillery, transport, and aircraft. The army is organized into about 70 battalions, largely stationed in garrisons around the country. It intends to reduce its size to around 45,000, having its principal strength in five motorized infantry divisions of about 6,000 men, with one assigned to each military region. The ANP has planned an extensive service school system; many training establishments are already organized, and the quality of instruction in some at least is fairly high. There has been some training in the Bloc, but the bulk of training is done in Algeria by officers schooled in the French

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military tradition. The air force has also been strengthened and now has some 130 aircraft of all types. Virtually all the armed forces' heavy equipment has been obtained from the Soviet Bloc, and more is probably in the pipeline.

TABLE 1

MILITARY ASSISTANCE TO ALGERIA
1962-1964

EQUIPMENT	TYPE	FROM USSR	FROM UAR AND CUBA	TOTAL
Aircraft	MIG-17 fighter	20	7	27
	MIG-15 fighter	4	11	15
	YAK-18 trainer	18	—	18
	MI-4 helicopters	12+	—	12+
	AN-12 transports	5-6	—	5-6
	IL-28 bomber	12	—	12
Naval Vessels	P-6 motor torpedo boats	6	2	8
Tanks	T34 & T54	150-200	45	195-245
Artillery, trucks, communications equipment—quantity unknown				

PERSONNEL TRAINED IN USSR, BY SERVICE

	NUMBER	LENGTH OF TRAINING
Army	50	2½ years
Navy	280	1-3 years
Air	200	1-5 years
Mixed	310	
	<u>*840</u>	

* About 250 have already returned to Algeria.

12. The modernizing armed force is largely the creation of Col. Boumedienne, who rose to become chief of staff of the National Liberation Army (ALN) in the latter years of the rebellion. He appears to command the obedience of his subordinates, although there are probably personal and ethnic rivalries still remaining in the ANP, as well as factions which reflect the wartime division between the interior and exterior armies. These divisions appear to be lessening; they were not of sufficient magnitude to impede the army in its operations against dissidents in the Kabylie and the Aures during 1964.

13. The ANP is probably the only remaining force capable of unseating the regime. Its relationship with Ben Bella is thus crucial to the power structure of the country. Given Boumedienne's position as Vice President and Minister of Defense, it is almost inevitable that there have been many rumors characterizing him as a serious contender for supreme power. His actions over the past two years suggest that he is principally interested in building a strong professional

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army; he personally interferes little with other operations of government. Boumedienne shows no outward signs of aspirations to assume ultimate authority; at present, he appears to be loyal to Ben Bella and to share generally the latter's hopes for an authoritarian, socialist, Arab Algeria.

14. Although maintenance of routine law and order is in principle the responsibility of the police and gendarmerie, the ANP has played a major role in suppressing disturbances and maintaining internal security in the past year, and this has decreased its popularity. It cannot penetrate the mountain fastnesses and rout out every last vestige of dissidence, but it can prevent such dissidence from being more than relatively minor harassment. Only major outbreaks in several places at once could challenge its control.

15. The ANP, which a year ago was distinctly inferior in training and equipment to Morocco's army, has improved greatly. By mid-1965, it will probably outstrip Morocco in air power, particularly in offensive capability as a result of the recent delivery of 12 IL-28 bombers. Within a year, Algeria's ground forces would probably have a distinct edge on the Moroccans in any fighting in the border areas.

IV. THE ECONOMIC SITUATION

16. Present day Algeria is a country which cannot be adequately described by statistical tables, GNP figures, and five year development plans. Indeed, reliable information on many aspects of the economy is not available. But it is clear that a major change has taken place and that production has declined by about a third. Thus, Algeria had a GNP of perhaps \$2 billion in 1963, its first full year of independence, in contrast to the peak of about \$3 billion reached in 1960, although the latter resulted in part from heavy French military expenditures. However, the European tenth of the population accounted for nearly half of pre-independence GNP. In consequence, the per capita income of the Moslem Algerian population has gone up by a substantial amount—something like one-fourth to one-third—although in a most uneven fashion. Workers and managers on the nationalized farms, government employees, the military, and certain elements in the cities and large towns are far better off than they were under the French. In contrast, there has been little improvement in the traditional subsistence sector of the economy, and many urban workers have been thrown out of work.

17. The Algerian economy today is running at a level far below its capacity. The great ports of Algiers and Oran handle only a small fraction of the cargo they were built for. Many factories are idle or producing at a fraction of their capacity. Rail and road transport, in turn, are called on for much reduced service. This tremendous drop in the modern sector has put two to three hundred thousand out of work, and urban unemployment has been aggravated by a heavy influx of unskilled people from the countryside. There is also sub-

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stantial under-employment in rural areas and the entire problem is complicated by a 2.5 percent yearly population increase. There are marked deficiencies in other fields; repair and maintenance facilities are far from adequate.

18. The brightest spot in the Algerian economy is the oil industry. Exploration is continuing, and new facilities are being built, notably a third pipeline from the Hassi Messaoud field, scheduled for completion in 1966. Under pressure from Algiers, which is feeling the shortage of foreign exchange, the oil companies have agreed to take no more than 50 percent of their gross earnings out of Algeria. There is, however, considerable tension between Algiers and Paris over oil. The companies are largely French-owned and the French Government has a large role in their management. The Algerians feel that foreign control of such a major resource runs counter to their nationalist and socialist principles, and they are further concerned that high amortization rates are holding down their share of the profits. In 1964, the Algerian Government received \$55 million from a production of 500,000 barrels a day; by comparison, Libya in 1963 produced only 460,000 barrels a day, but got \$65 million in revenue. There is little doubt that Ben Bella would like to nationalize the oil industry, but the difficulty of marketing the output makes it unlikely that he will do so during at least the period of this estimate.

19. The regime has not devoted adequate time and energy to alleviating and improving the many serious weak spots in the economy. It has been preoccupied with political matters, with sporadic dissidence, and increasingly with an aggressive foreign policy. The regime further appears to count heavily on increased oil revenues to cope with economic problems. Its leaders seem to believe that their socialist system is something of a panacea, they are unwilling to come to grips with details, and there are some differences among them concerning economic policy. The government's actions have been such as to discourage private foreign investment.

20. The agricultural sector of the economy, on which some 70 percent of the people depend for their living, has its share of problems also. The erstwhile European-owned modern sector has seen the former workers take over the properties and run them under "auto-gestion" (self-management) committees. These have generally managed to keep production fairly high, but breakdowns in the distribution and marketing system have resulted in much wastage. In particular, Algeria heavily overproduces wine, and France is showing increasing disinclination to take large quantities of it, especially at the high prices formerly paid to the colons. Other products, such as citrus fruit, are exported, but the country is deficient in cereals and must import sizeable quantities, even in years of average grain production. Radical changes in the modern agricultural sector are likely to be forced on the country, but most farmers will not abandon production of a crop, such as grapes, with which they are familiar, except under heavy pressure.

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TABLE 2

ALGERIAN IMPORTS AND EXPORTS, 1963 ^a

By principal country, in million US\$

	IMPORTS		EXPORTS	
	DOLLARS	PERCENT	DOLLARS	PERCENT
France	558.5	84.9	574.8	82.6
US	^b 44.0	6.7	.7	.1
Germany	11.6	1.8	60.9	8.7
Italy	13.1	2.0	22.0	3.2
Other Western Europe	13.2	2.0	33.7	4.8
Morocco	11.7	1.8	3.9	.5
USSR	5.1	.8	.7	.1
	<u>657.2</u>		<u>296.7</u>	

By composition, in million US\$

EXPORTS	DOLLARS	PERCENT
Crude oil	376.9	54.1
Wine	116.3	16.7
Other agricultural products	116.3	16.7
Iron ore and other minerals	28.7	4.1
Other	58.6	8.4
	<u>696.7</u>	
IMPORTS	DOLLARS	PERCENT
Food	163.7	25.1
Fuel	45.9	7.0
Raw material and semi-finished products	56.6	8.7
Capital equipment	183.1	28.1
Consumer goods	125.7	19.3
	<u>657.2</u>	

^a These figures are derived largely from Algeria's trading partners.^b Chiefly PL-480 food.

21. The government's financial position is difficult but not desperate. In 1963, a budget deficit of about \$170 million was met by a combination of French budgetary support amounting to \$80 million, borrowing from the Central Bank, and using funds on deposit in the Treasury, e.g., postal savings. The budget deficit in 1964 will probably be at least as large. Algerian efforts to rebuild the tax collection system, both the base and the mechanism of which were shattered by the departure of the Europeans, have had little success as yet. A potential source of revenue, which is not being adequately tapped, lies in the relatively well-off self-managed farms. Foreign exchange deficiencies are to some extent offset by remittances from the nearly half-million Algerians who work in France.

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Foreign Assistance

22. In these circumstances, the role of France in the Algerian economy is of prime importance. In 1963, France provided about \$555 million of Algeria's imports, about 85 percent of the total, and took about 80 percent of its exports. This includes large quantities of wine and fruits as well as three quarters of Algeria's petroleum production, and all are brought into France under preferential arrangements. About a third of France's petroleum derives from Algeria and is paid for in francs. In the field of economic aid, France supplies money and personnel in quantities and categories not easily replaceable from other countries of either East or West. Under the terms of the independence accords, France undertook to provide Algeria with substantial aid through June 1965. This has included substantial funds to compensate Frenchmen whose property has been seized, as well as about \$160 million yearly in 1963 and 1964 for development and for budget support. France has also furnished and paid some 20,000 teachers and technicians yearly. Without these, the school system would scarcely function, and government administration and factory management would be considerably less efficient than they are.

23. While France is far and away the principal source of foreign assistance, other countries play a significant role. The US provides some technical aid and about \$35 million yearly in PL 480 food. The latter provides an important part of the diet of over a quarter of the population. The Soviet Union has extended some \$228 million in economic credits. Most of this is tied to development projects, and only some \$10 million has been spent to date. Other Bloc countries have provided \$25 million in credits, and the Communist Chinese have come up with \$50 million, of which only about \$4 million has been drawn. In contrast to the early period of Algerian independence, the Arab states have helped very little in the past year—a thousand or so teachers from the UAR being the principal contribution.

V. DOMESTIC OUTLOOK

The Economy

24. The prospects for economic growth in Algeria are not bright. Algeria's principal need is to put its idle industrial capacity to work in order to relieve unemployment and create buying power. There is little prospect of acquiring sufficient technical and managerial personnel, adequate raw materials, or markets to accomplish this. The aid supplied by France and that programmed from the USSR is not geared for such a process and there is little likelihood of Algeria getting much aid from anywhere else. The prospect, therefore, is for the economy to decline for a time, during which considerable deterioration of plant and equipment is likely to take place. Oil revenues will probably rise while external aid decreases. Together with the other factors operating in the economy, this is likely to result in stagnation at a level lower than at present, but not in dramatic collapse.

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25. The nature of Algeria's economic relationship with France will continue to change. After the end of 1965, the level of French aid will probably decline substantially. By that time, the Evian Accords will have come to an end and the French will be able to dispense with the nuclear test sites in the Sahara. Moreover, the high level of French preferential treatment for certain agricultural products, especially wine, is likely to be reduced and Algiers will be forced to seek other markets. Algeria's foreign economic relations will probably move, albeit slowly and haphazardly, from the modern high production pattern closely linked to France, which characterized pre-independence days, to a system which exports petroleum and agricultural commodities to a broader market.

Political Prospects

26. The consolidation of power by Ben Bella's regime which has marked the past year seems likely to give it a good lease on life for the next few years. To a considerable extent, this is a consolidation by default, thanks to the differences and incompetence of the opposition, both old guard FLN leaders and local military chieftains. There are frictions within the ruling group, and regionalism, particularly on the part of the Berber-speaking Kabyles who resent the regime's emphasis on arabization, will continue to sound a divisive note. At the same time, the new society is providing a means for creating a sense of national unity in Algeria, which works in Ben Bella's favor. Ben Bella probably would like to use elements of this society, particularly the FLN, to reduce the level of reliance on the ANP. On the whole, we see little chance of significant progress on this score. The ANP is likely to remain the chief organization possessing the resources and cohesion necessary to establish itself as an important power base.

27. Were Ben Bella to die or be assassinated, Boumedienne would probably assume a dominant role, in association with other members of the ruling clique. The style of such a post-Ben Bella government would be different; but there would probably be little basic change in methods of government or in ideology. We do not believe that Boumedienne would move to oust Ben Bella except under extraordinary conditions which the latter appeared unable to control. Our knowledge of political attitudes among middle ranking ANP officers is sparse. However, it is our judgment that Boumedienne has managed the appointment of officers in such a fashion as to insure that the possibility of malcontents taking matters into their own hands is reduced to a minimum.

28. Economic difficulties such as unemployment are likely to affect the political scene, but we do not believe that the economy will deteriorate so far as to generate extreme discontent among the politically important elements of the population. Ben Bella will probably continue to lose popularity in the country at large, as time passes and people find their expectations of a better life unfulfilled. There may from time to time be manifestations of discontent, say among unemployed in the cities. Guerrilla activity is likely to persist in Kabylie and other remote areas, but in the absence of effective leaders is unlikely

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to prove seriously discomfoting to the government. Widespread activity would require a high level of discontent, plus willingness on the part of the rural population to risk heavy reprisal, and we do not believe that conditions are likely to deteriorate to that extent in the next few years.

VI. FOREIGN AFFAIRS

29. Algeria's emergence as an independent country after a prolonged and violent struggle with France has left the Ben Bella regime with strong convictions that revolution is the true path of freedom. This revolutionary conviction has led the Algerian Government to support virtually any movement or organization bearing the anti-colonialist label. Algeria professes non-alignment, but in practice this has frequently meant lending active support to positions espoused by Moscow or Peking. Algeria is also favorably inclined toward the Soviets and the Chinese for the help they provided the rebel cause during the rebellion.

30. Yet Algeria's cultural and economic ties with France remain strong, and place it in a status which is something less than the unfettered independence which it works for abroad. It has also led to such anomalies as Algeria being the host for a Soviet-sponsored nuclear disarmament conference, while the French continue nuclear tests on Algerian soil. This paradox pervades Algeria's attitudes and external relations and imposes strains and difficult choices on many issues, but it is our judgment that its revolutionary convictions are the stronger. Where the regime must choose, it will probably favor revolutionary causes, very often in collaboration with Communist efforts.

France

31. Paris and Algiers have powerful reasons for a continuing close relationship, at least for the next several years. Economic interests in Algeria, especially oil, are important to France, and the French nuclear weapons program requires the use of the Sahara test sites at least through 1965. Paris views the maintenance of good Franco-Algerian relations as valuable in showing the non-aligned countries that it can live with revolutionary regimes. There is also a strong French desire to keep Algeria culturally oriented to the metropole, on which de Gaulle puts considerable emphasis. Moreover, Ben Bella has been very tactful in his relations with de Gaulle, partly in recognition of the latter's role in bringing about Algerian independence. The French president also seems to have a considerable degree of tolerance for Ben Bella. The latter in turn recognizes the high level of Algerian reliance on France for aid and for protected markets, as well as for its absorption of a half-million surplus workers.

32. However, the coming years are likely to be marked by continued frictions as Algeria strives to reduce its dependence and gain freedom of action without losing the benefits of the association. Ben Bella will probably exercise considerable caution not to encroach on French interests to the point where France

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would feel they were no longer worth substantial amounts of aid. On balance, we believe that the Franco-Algerian relationship will continue on something like its present course, at least as long as de Gaulle rules, although aid is likely to diminish. There is considerable opposition within France to the high level of aid to Algeria, and it will come to the fore on de Gaulle's departure.

The Communist World

33. Algeria has demonstrated its predilection for the Soviets and the Chinese in a number of ways. Ben Bella has made many public statements supporting Communist positions, and Algeria has been host to a number of Communist-front meetings. His statements, including several directed at the US, have gone well beyond the bounds of the conventional anti-colonialism espoused by most other nonaligned leaders. We expect this sort of action to continue.

34. The Communist powers appear to regard Algeria as a country of substantial potential. The Soviets have provided large amounts of military equipment and sizable economic credits. There is an element of Moscow-Peking rivalry in the supplying of aid to Algeria. Each party, however, probably views the Ben Bella regime as one inherently devoted to promoting revolution and anti-colonialism, and thus promoting its interests. While this condition obtains and as long as French assistance and presence remain strong, the Communist powers appear content to stay in the background.

35. A major breach between France and Algeria could open the way for greatly increased Soviet influence, though the Soviets would be faced with problems as well as opportunities. The Bloc would not be likely to absorb Algeria's exports of wine, fruit, and oil, which total over half a billion dollars yearly. It almost certainly would not be able to supply technicians in anything like the numbers that France has. To provide budget support in amounts adequate to replace French aid would break a precedent and also be very costly. It seems more likely that the Communist powers would try to make an impact by offering greatly increased credits in an effort to appear as rescuers. The appeal of such a move would serve to pull Ben Bella very close to the Bloc, for his regime would see no alternative for survival.

Africa

36. Algeria's sense of revolutionary mission is most evident in Africa, where Ben Bella sees his country as destined to play an important role in the struggle to eliminate all manifestations of European control. In the past two years, Algeria has sent modest amounts of arms to Angolan and Mozambican rebels and has trained a few score of each in Algeria. More recently, growing African resentment over Tshombe, notably his introduction of white mercenaries, provided additional opportunities for radical African leaders to whip up strident African nationalism, and in this campaign Ben Bella has been in the forefront. In association with Nkrumah and Nasser, as well as the Russians, Ben Bella

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has thrown support, in the form of arms as well as propaganda, to the Congo rebels. The Soviets have facilitated Ben Bella's shipping of arms by the prompt provision of planes and aircrews to Algeria.

37. In the years ahead, Ben Bella will persist in his efforts in favor of revolution in Africa, a course in which his voice will probably be one of the loudest. He will also provide arms and similar assistance, though his ability to do this may sometimes be hampered by difficulties of access to the disturbed areas. Moreover, Ben Bella's participation in the revolutionary effort may provide cover for shipments that Communist and other suppliers might not wish to acknowledge openly. In the interest of maintaining his French connection, Ben Bella may restrict his interventions in those former French territories where he might see danger of stirring up French resentment.

The US and the West

38. Ben Bella's compulsion to play a major role in support of revolutionary activities, especially in Africa, will continue to make him a trial if not a danger to the West. In Algeria itself, few Western nations, other than France, have significant interests; the US investment, although amounting to about \$100 million, represents less than ten percent of foreign investment in the Algerian oil business. On the other hand, Algerian support of the Congo rebellion conflicts directly with US policies in Central Africa. This sort of action could greatly intensify US difficulties if a rebel movement, in the Congo or elsewhere, backed by radical Africans and by the Communist powers, should develop real staying power and continue to wage a drawn-out guerrilla conflict against the central government.

39. In any event, US-Algerian relations are likely to be marked by growing frictions in the next several years at least. Ben Bella's support of Cuba will be a continuing irritant. Such good will as the US may enjoy with the Algerian populace is unlikely to carry much weight with Ben Bella and his associates. In the longer term, there is scope for US technology and know-how in getting more of the modern sector of the Algerian economy back to work, but there is little likelihood of this happening in presently foreseeable circumstances. Increases in US aid are not likely to modify Ben Bella's attitude toward the US; substantial decreases, for whatever cause, would almost certainly be regarded by him as retaliation for Algeria's actions in sub-Saharan Africa and elsewhere, and would intensify US-Algerian frictions.

The Arab World

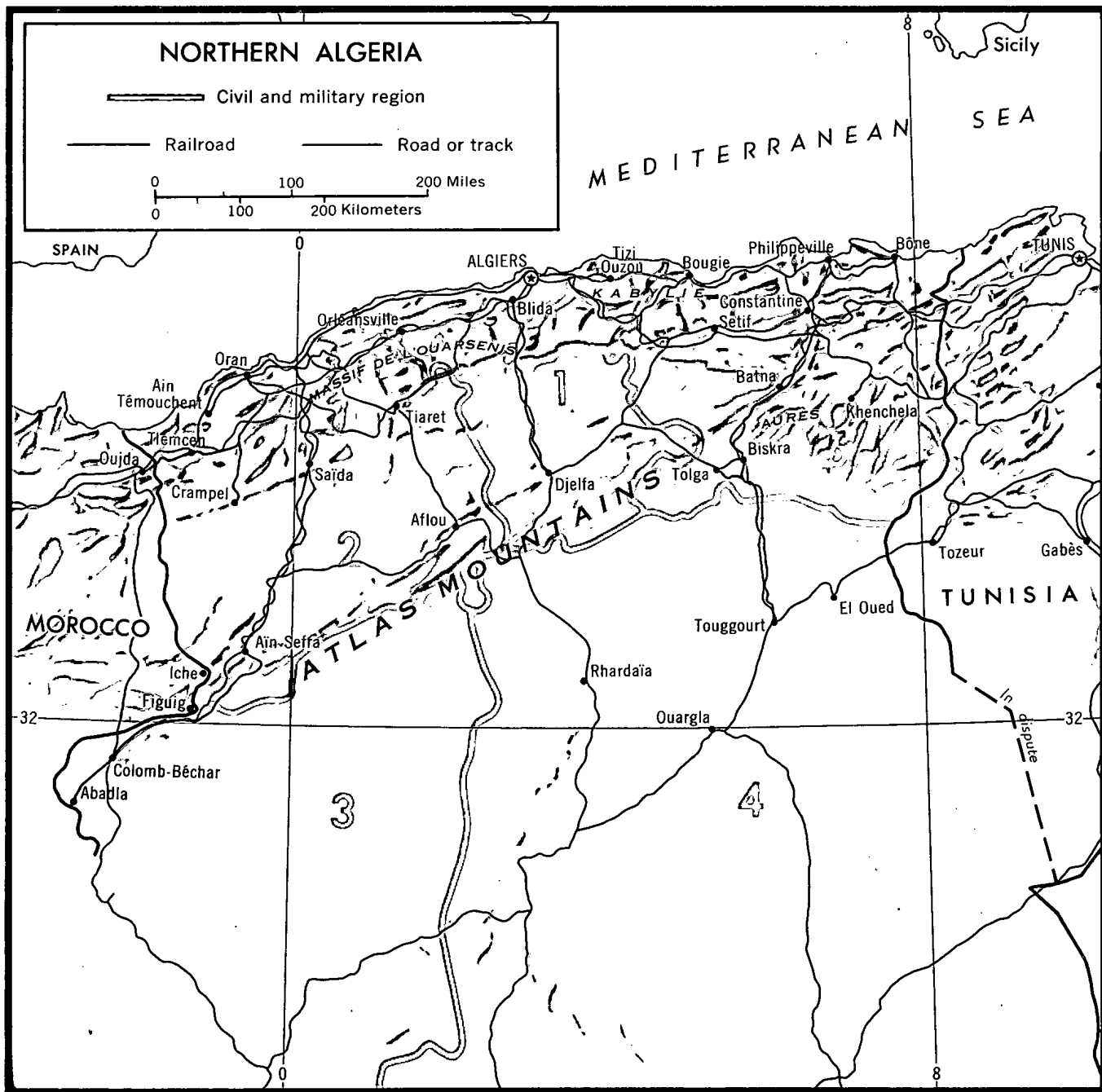
40. In the Arab world, Algeria's most immediate problem is its relationship with Morocco, which is marked by a mutual personal antipathy between the two chiefs of state, by differing systems of government, and by a dispute over the location of several hundred miles of desert boundary. We expect a tense situation to persist for the foreseeable future, leading at times to charges and countercharges of an inflammatory sort and possibly minor border skirmishes, but probably stopping short of major efforts at subversion. The border issue has seen

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a year of quiet, following the fighting in the fall of 1963. A committee of the Organization of African Unity (OAU) is investigating the problem, but probably will come to no specific determination of where the border lies. As a direct consequence of the border flare-up, there is some danger that an arms race will develop between Rabat and Algiers, and that it will tend to result in the Soviets being the Algerians' principal supporter and the US that of the Moroccans, thus polarizing the Ben Bella-Hasan rivalry into an East-West conflict. We believe, however, that the chances are better than even that major hostilities will be avoided.

41. Algeria will probably assert its solidarity with the rest of the Arab world, make appropriate gestures on such issues as hostility to Israel, and avoid entanglements. Algeria will probably play only a *pro forma* role in the United Arab Command, for example. Relations with Tunisia are fairly good and seem likely to stay so, although there is a potential source of friction over an undefined stretch of border, especially as a new oil discovery has been made in the area. Nasser and Ben Bella share many notions of government and foreign policy, and each looks to the other for support in foreign affairs. They are likely to remain on good terms as long as they do not meddle in each other's internal affairs. Algeria's relations with the rest of the Arab world are likely to be largely formal, although Algiers will be disposed to agitate the pro-republican and anti-monarchical cause.



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