Algeria's Ghozali in a vise

The Algerian National Assembly rejected, on Aug. 26, the increases in prices for basic consumer goods proposed by the government of Sid Ahmed Ghozali in the 1991 supplementary finance law. Ghozali's government succeeded that of Mouloud Hamroush in June, after riots broke out, led by Islamic Salvation Front (FIS) radicals.

Economics Minister Hassin Benissad reacted to the Assembly vote by stating that this will not make his job any easier and that he will have to try to do something to reduce outside pressures. The government's maneuvering room is limited, he said, recalling that it had inherited an accord with the International Monetary Fund (IMF) signed by the previous government, with stringent conditionalities.

Benissad was referring to the second credit tranche granted by the IMF on June 3, 1991, a $300 million loan with draconian strings attached—including price hikes for basic consumer goods. The riots which brought down the Hamroush government broke out at that time. Among the other measures which had figured among the IMF demands, but which it was rumored the Hamroush government itself would impose, were: 1) completion of a major program to free imports, 2) freeing of internal prices to reach market prices, and 3) changes in fiscal and monetary regulations.

The Ghozali government's supplementary financing bill already foresees a major dropping of import barriers, which would hurt domestic production badly. It calls for lower tariffs on imported textiles, lumber, and certain capital goods; cutting the uniform tax on spare parts, vehicles, and engines—and *total exemption* for food products, medicines, notebooks, books and manuals, and industrial equipment.

During the National Assembly session, the deputies lambasted the Hamroush government for not abiding by transparency, since the Assembly had never been informed in time of the content of the pact with the IMF. The Hamroush government was also accused of not having kept the promises made when its program faced a confidence vote, especially regarding protecting purchasing power and reviving investment.

Despite the vote, the new government seems to have decided to go further. According to the paper *Alger Républicain* of Sept. 1, Minister Benissad said during a discussion about the Algerian financial situation that "Algeria would confirm its international commitments" with the IMF. To be sure, Algeria has a knife at its throat. How can it buck IMF conditionalities when it is trying to get a $1 billion loan to refinance its overall debt? Or when an IMF delegation has just dropped in on Algeria to check whether the second credit tranche conditions were enforced?

Today, the FIS opposition seems to be in retreat. But tomorrow, if the prices of basic necessities keep climbing (meat now costs $16 a pound), the FIS will again appear to be a bulwark for tens of thousands of disinherited citizens.—*Axel Yougoruthen*

tools, are most easily loaded and unloaded from RO/ROs. These types of freight are best associated with major construction and development projects.

(These RO/RO vessels are made-to-order for delivering emergency food relief for the Sahel and other places of need. But instead, the U.S. deployed them in the supply operations for the U.S. Desert Storm attack on Iraq. The RO/ROs carried outsized cargo such as main battle tanks and helicopters.)

However, with world trade locked into colonialist patterns of raw materials flows, the demand for RO/ROs has been limited. The imposition of International Monetary Fund (IMF) and World Bank conditionalities on developing countries has derailed almost all major development projects, with the result that the largest business for RO/ROs is the carrying of Japanese- and European-made automobiles to the deindustrialized English-speaking countries.

Demand for RO/ROs has declined by almost one-third since 1988, according to estimates by Michael Sclar, a senior consultant at Data Resources Institute/McGraw-Hill. Of the 22,983 merchant ships in the world's fleets at the beginning of 1990, only about 200 were RO/ROs, or about 1.6% of the general freighters, and less than 1% of the total number of ships.

Though there are now 23 RO/ROs on order, they are all between 10,000 and 20,000 deadweight tons. The average deep sea container ship in 1989 was 27,244 deadweight tons, while the average size of newly completed deep sea container ships that year was 34,646 deadweight tons.

Ingar Skaug, president and chief executive officer of the large Norwegian shipping firm Wilhelmsen Lines, estimated that a newly built RO/RO would cost 33-50% more than a newly built container ship of the same size. That is partially offset by the fact that owners and operators of RO/ROs need not worry about purchasing, maintaining, and repositioning thousands of containers.

Skaug noted that it has been nearly a decade since a RO/RO vessel larger than 20,000 deadweight tons has been built anywhere in the world. Clearly, there is no rush expected in helping the development of the Third World.