

**The reality of the wage system in Algeria and its components  
"A Descriptive and Analytical Study"**

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**Abstract:**

This research paper aims to examine the reality of Algeria's wage system by addressing key wage elements according to Algerian legal regulation and its most important components, and analyzing wage data during the period (2010-2017).

The results showed that the wage hikes resulting from the review of Algeria's national wage system enabled the advancement of monthly net wages outside the agriculture and management sectors, but there remains a marked disparity and difference in wages between the public and private sectors due to the presence of a number of public institutions that count heavy labour while holding a stimulating professional promotion ladder.).

**Keywords:** wage; guaranteed minimum wage; wage system; public sector; private sector.

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## 1. INTRODUCTION

Pay is one of the topics discussed between workers and employers, as it affects the interest of the worker as the primary source if not the only source of his livelihood, as well as the interest of the employer because it is one of the most important components of the costs and burdens of the latter, so the wage has been and will continue to be a point of conflict between workers and employers.

Given the significant role wage plays in the economic and social life of any society, in determining the standard of living of an individual and affecting his or her well-being, there are several factors that control and determine them, so we will try through this study to highlight the reality of wages in Algeria and analyze the data of the latter, based on the following problem: 'What is the reality of the wage system in Algeria?' Based on the main hypothesis that there is a disparity in the levels of wages paid in both the public and private sectors.

The research aims to achieve the following:

Learn about the reality of wages in Algeria;

Study trends and developments in wage rates and find out the various determinants, principles and factors affecting them.

To achieve the objectives of research and knowledge of the realities of Algeria's wage system, the descriptive analytical approach has been adopted, as well as the statistical approach through the exploitation of statistical wage data issued by the National office of Statistics.

### 2. Theoretical framework for wages:

#### 2.1 Pay and the most important terms related to it:

The definition and expression of the concept of pay differed from writer to writer and from study to study, some believe that pay in language is: 'Reward and reward, and the word wage indicates two similar meanings, a religious meaning that benefits the penalty for good work or reward or reward, and an economic meaning that means punishment for work, in this sense the value of the human workforce or its financial or non-material allowance.' (Al-Kurdi, p. 9)

There are those who consider that pay from an economic perspective is: 'the equivalent to the worker for the work he does'. (Afan, 2018, p. 12)

Wages can also be defined from a social perspective as: 'The State's reliance on setting a minimum wage for a worker is sufficient to give the worker the simplest to assess the friendliest in some form of social security' (zhul-el-noun, 2013, p. 119)

Capitalism viewed pay as: 'A price a worker receives for an effort, while the owners of the socialist system consider that pay is the worker's share of production in the sense of the worker's right to part of society's production'. (zarzouni, 2010, p. 179)

Wages as defined by ILO refer to: 'Fees or profits payable under a written or oral employment contract provided by the employer to the employee, so the concept of wages excludes the profits of self-employed persons and applies only to wage earners'. (manuela, 2010-2011, p. 1)

Wages are important for a group of parties that can be limited to the following

aspects: (Awni, 2017, pp. 18-19)

The importance of wages for institutions and companies: wages are important for institutions and companies because:

The cost of wages is the largest part of the cost of production, and the enterprise's continuous and balanced payment of wages demonstrates the strength of the institution and its financial system;

Creating a good and good relationship between senior management, employees and workers and this is reflected in the workflow;

Attracting good employment by setting wage standards and a good salary system;

The importance of wages to the individual and society in general:

Income or wage is the most important source for the individual and this reflects a person's living and social status;

Psychological and environmental stability of the individual and his family;

It leads to general stability in society as a result of the continued procurement process and the movement of the economic wheel of the local market, especially in the case of high wages that can be taxed, leading to the creation of service projects for the community.

## 2.2 Interpreted economic theories of wages:

Wage theories are divided into two groups: (Matanios, 2015)

**Liberal wage theories:** based on the principle of economic freedom based on the fact that the market mechanism is the only price regulator and determinant of economic activity, these theories are based on the non-differentiation between work and the labour force, and they treat pay as the price of work sold by the worker from the employer, and liberal economists differ among themselves on the factors of determining pay, several theories have emerged in this regard, including:

**Minimum standard of living theory:** Proponents of this theory argue that the level of wages is determined by the equivalent of the value of the materials and needs necessary for the minimum living of the worker, and say that the movement of supply and demand in the labour market can maintain wages for a long time at the minimum standard of living necessary to preserve the life of the worker.

**Labour productivity theory:** This theory stems from the general theory of the distribution of national income in the free economy, as the distribution theory is based on the hypothesis of the price of factors of production, which claims that anyone who participates in production gets a share of it equal to its productivity, i.e. as much as its contribution to the formation of that production, since the wage according to the proponents of this theory is the price of work, the worker gets the full price of the work he offers, and the level of wage is determined directly by the productivity of the work, The French economist Jean Baptiste laid the foundation for labour productivity theory, seeing pay as a reward for the worker's productive service, so the worker earns a wage equivalent to his contribution to production formation, and in the late 19th century the theory of 'value-benefit' replaced the theory of 'value-cost', resulting in a

new understanding that the commodity is not valuable, unless it carries the value of its use useful and required in the market, and the factors of production - and work is a factor of production - only a value derived from the value of goods that are required in the market. Contribute to their production, so what determines wages is labour productivity.

**Social wage theory:** Proponents of this theory see wages as an instrument of national income distribution, so the level of wages in any country is determined by two factors, the first is the productivity of social work that determines the gross output shared between the social classes on the one hand, and the second is the social weight of the working class, which determines the share of workers in output on the other, and this theory is not in essence different from the negotiated wage theory, both of which explain the level of wages by the extent to which trade union organization is able to exercise the share of output on the other. Pressure employers or governments and political parties.

**Organized wage theory:** The events of the nineteenth and twenty-centuries have shown the growing political working class and its significant impact on political and economic life in all developed industrialized countries, and wage levels in return have seen inexplicable leaps in productivity or the change in the minimum living requirement, allowing for the development of the social theory of negotiated wages or organized wage theory, and according to this theory wages are determined by individual negotiation between the worker and the employer, and because the individual worker is in a weak negotiating position, Because of the increased role of trade union organizations, the level of wages has been determined by negotiations between employers' organizations and trade unions.

**Marxist theory of wages:** Marxism is an economic philosophical theory in which the political economy is a key part and is an integrated economic theory that addresses the mechanism of economic development and balance. The theory of excess value is the cornerstone of Marxist economic theory, and Marx divides the worker's work into two parts, the necessary work, which is the time spent by the worker at work in order to produce the value of the necessary materials for his or her life and that of his family members, to renew his work force, and to work excessively, which is the time spent by the worker in the work in addition to the working time. necessary and in which it produces the excess value or the best value that belongs to the employer, the owner of the means of production, Thus, the Marxist theory, despite the convergence observed between it and some liberal theories in linking wages to the minimum necessary for a worker's living, differs from that in interpreting the level of wages and in interpreting the consequences, Marxist theory stems from the fact that the exchange takes place between equally valuable goods and that pay is the value of the commodity that the worker sells to the employer, which is his work force or ability and eligibility for work, and thus the worker does not sell his or her work capital but his ability to sell it. on work, its workforce because the worker himself is not an exchangeable commodity.

### 2.3 Wage determinants:

The determination of pay includes several considerations, as the latter affects the course and development of the wage variable, as mentioned as follows: **(Zadoun, 2016, pp. 133-167)**

**National income:** High national income means a higher share of wages, the latter varies from country to country where it reaches 60% in developed countries, as this percentage contributes to improving the living conditions of workers and achieving well-being and economic stability, but in underdeveloped countries this percentage is very weak due to the weak exploitation of human and material resources, considering that their economies are runty, i.e. their near-total dependence on the extent of oil reserves, as in the case of Algeria, and therefore wage change is based on the basis of poor exploitation of human and material resources. Oil is not based on the real production of the country.

**Total productivity:** There is a correlation between the level of productivity and the rate of pay, where the higher the productivity (worker productivity) the higher the wage but at lower rates than the productivity rate.

**Unemployment and inflation:** Phillips' relationship is the framework for the relationship between wages and unemployment, with Phillips noting a relationship between the unemployment rate and the rate of increases in average wages in the UK economy data for 1861-1957, when wages were rising at high rates and unemployment tended to decline, and the Phillips curve was interpreted on the basis of labour market analysis through supply and demand against the backdrop of flexible prices and wages, where in the case of job offer 'unemployment' workers were forced to accept Low wage growth and on the contrary. With regard to inflation, quantitative theory is that inflation is mainly due to over-demand and therefore higher prices, as well as higher wages that are not commensurate with the increase in labour productivity, leading to higher prices and thus higher inflation rates.

**Labour market:** The latter is instrumental in determining wages because of its relationship with other markets such as the goods, services and the monetary market through their relationships, as most economists focus on the link between wages and supply, as the relationship between them is driven, i.e. the job offer increases with real wages and vice versa, while in terms of demand for work, the wage rate is one of the key factors determining the demand for work and therefore the size of employment in the economy.

**Investment in human capital:** which expresses the intangible and intangible intellectual capital, which accumulates by investing in education in order to increase the efficiency of resources in the future, and investment in the human element is all investment spending on education leads to increased productivity of the individual who has received education and thus increase his income and raise the standard of living, and education is one of the most prominent aspects of the labour market as higher education earners are paid on average higher wages than those with higher wages Low education, and the pace of wage growth is also higher than those on low

incomes.

**Purchasing power:** Wages represent a high proportion of national income, as it is an effective tool in redistributing income to members of society, but it does not meet many requirements, including measuring purchasing power, so that this wage reflects the reality of what the worker is paid to be given its true value by using appropriate price indicators to measure the purchasing power of the worker, thereby determining the standard of living of individuals to determine the well-being and development of the living of society, which in turn is linked to the development of productivity.

### **3. Algeria's wage system:**

#### **3.1 Pay according to Algerian legal regulation:**

With regard to the concept of wages in Algeria, the General Basic Law of the Worker in the State, article 133 of which, defined remuneration as: 'A worker is paid for the work he performs and participates in the results of the institution, and benefits from social services and social protection, in accordance with the principles set out in the National Charter and the provisions of applicable legislation. (**Gazette, 1978, p. 734**)

According to Algerian law, Agoura is also considered to be a wage earner, in the concept of this law, all persons who perform manual or intellectual work in exchange for a salary, within the framework of the organization, and in the account of another person, natural or moral public or private, called the 'user'. (**Gazette O. , 1990, p. 562**)

As for the components of the wage according to the Algerian organization, it consists of two elements:

**Fixed wage:** Consists of:

**Guaranteed national minimum wage:** In this context, article 87 of Law 90.11 and Article 149 of the same Act stipulate that no lower wage can be granted than the guaranteed minimum wage even if it is to the consent of its owner, and the last definition was executive decree No. 15.59 of February 8, 2015. (**15-59, 2015, p. 11**)

**Basic pay:** This is what the Algerian legislator means in article 81 of the Labour Relations Act, and it is stipulated that it is the corresponding wage for professional dismissal in the body used, i.e. the monetary value of the inference point in the inference figure corresponding to the post of employment, and the Algerian legislator has organized the wage of the worker on two basis: a minimum employment position - a higher level of employment position, which is on the basis of two fields: Each according to its work, equal employment requires equal pay. (**Gaudi, 2007, pp. 152-153**)

**Fixed compensation attached or associated with the post of employment:** Due to the different elements attached to the basic wage in various labour legislation, the focus will be on mentioning fixed elements and accessories, i.e. those of a stable and permanent nature in principle, article 81 of the Labour Relations Act in its second paragraph on compensation and accessories stated: 'Compensation paid by virtue of the worker's seniority or for overtime by virtue of special working conditions, particularly alternating work, harmful and compulsory work, including night work and bonus

region', and based on the content of this article these compensations can be determined as follows: (**Jaziri, pp. 22-39**)

**Compensation for seniority or experience:** Initially compensated by professional promotion in the professional ladder, however, the worker may not amount to any reason, but the legislation addressed this problem through various laws such as articles 161 and 162 of the General Basic Law of the Worker, and the value of compensation is determined by the nature of the position held by the worker, which is limited by 25% of the basic wage in the economic sectors and 50% of the basic wage in the public administration sector.

**Compensation for damage or risk:** Various labour laws included the principle of compensation for damages and risks not taken into account when classifying positions, as confirmed by articles 152-162 of the General Worker's Act of 02/11/1988, stating: 'Damage compensation is provided to a worker in a position whose duties or work involve strenuous efforts, health elements or serious elements unless calculated in the identification or classification of the employment position.'

**Geographical area compensation:** This compensation benefits every worker whose position is in a remote or difficult area, or in an economic sector or unit that is a priority in the state's economic and social programmed, as determined by the applicable laws and regulations on how to identify and grant such compensation. Article 163 of the General Basic Law of the Worker stipulates that: 'The amount of compensation for the region shall be determined according to the orderly transactions allocated to regions, sectors of activity, economic units, development projects and professional qualifications, isolated positions and locations of work.' Transactions as follows:

Geographical area, economic and administrative units and development projects, activity sector, nature and place of office, number of workers, family isolation.

**Family grants:** What is noted about this type of grant in the Algerian organization, it remained rigid at the limits of 40 dz per child and 50dz for the non-working wife from independence to mid-1991, where from May 1991 the family grant was raised from 40 to 140 Dz and then to 200Dz starting in January 1992, by agreement between the union and the government, while the non-working wife grant has not changed in principle, with the exception of the 500DZ grant report under income assistance The weak are under 7,000, under the heading of single pay compensation, approved by the government, the union and employers.

**Variable pay:** Considered quantitatively and sustainably unstable, it is equally protected and divided into: (**Brahmi, 2017, pp. 80-88**)

**Compensation:** Among them are:

**Compensation for alternating work:** Addressed by Decree 81-14 of 31 January 1981, it determines how to calculate compensation for rotational work, in the Official Gazette No. 5 of 3 February 1981.

**Compensation for night work:** Compensation for night work includes compensation for unusual or nightly times with special and different circumstances.

**Compensation for overtime:** Subject to the Labour Relations Act 90.11 in

Article 31, which was amended under Article 5 of Order No. 96.21.

**Compensation for service expenses:** Provided for by the Algerian legislator in article 83 of the Labour Relations Act, in addition to a series of regulatory decrees specifying how to calculate and estimate compensation for service expenses, some of which are for external tasks and some for internal tasks.

**Incentives and rewards:** In this regard, the Algerian legislator addressed the following:

**Rewards for individual and collective returns:** This type of reward is linked to productivity and the results of work planned to motivate workers to increase production and productivity.

**In-kind rewards:** some of the expenses incurred by the employer for the employee's account, by which he can benefit from certain material benefits in kind such as providing housing to the worker, or taking care of rent.... Etc. of other similar services.

**The principles underlying wages in Algeria:** Algerian wage legislation addresses some principles, including: (Karr, 2008, p. 118)

The principle of conditional association between work and pay;

The principle of equal pay for workers;

The principle of appreciation and cash payment of wages;

The principle of regular total payment, indivisible or barterable.

**Factors influencing Algeria's wage policy:** among these factors are: (Karr, 2008, pp. 121-130)

Problematic wage data and statistics;

Political factors, including the ideological and intellectual direction of the prevailing system;

External factors and international conventions;

Economic factors: Economic factors are among the most important factors affecting wage policy because of the relationship between indicators and economic variables and wages, the most important of which are: gross domestic product, prices, variable unemployment, inflation;

Professional and social factors and the role of trade unions in determining wages.

### **3.2 Analysis of wage data in Algeria:**

Due to the change in the parameters of economic life in Algeria starting in 1990, as the Algerian economy moved from a centrally managed economy to a market economy, among its features is the liberation of prices and the lifting of subsidies on basic materials, which resulted in a weakness in the purchasing power of workers, as well as the birth of the Triumvirate (November 1991) It is a meeting of three parties (the government, the union, the Patrona), to consult and find solutions about economic and social concerns, foremost of which are wages. Within the framework of the tripartite intervention (January 1992) (Bouchareb, 2010, p. 83), the guaranteed national minimum wage has developed as follows:

The guaranteed minimum wage is the national minimum wage and salary



applicable to all workers in all sectors and activities without exception, as it is determined by the government in accordance with regulatory texts, and when determining the development of the registered national average productivity, indicative figures for consumption figures, general economic condition (**Gardoud, 2019**); The process of reviewing the minimum wage in Algeria is known by adopting the method of progressive or gradual determination in stages (**Ben Azouz, 2017, p. 283**), The period (1991-2015) was marked by an increase in the minimum wage in the range of 20% to 25%, and this is within the Framework of the tripartite intervention (the government, the union and the Patrona) (**Yahiat & Bouchareb, 2016, p. 359**). Since 1990, the government has resorted to raising the guaranteed minimum wage 12 times, the first of which was in January of the same year, so that it increased by 200 dinars, i.e. from 800 to 1000 dinars (**K, 2019**). In January 1991 it rose to 1800 dinars, in July of the same year it rose to 2000 dinars, in 1992 it rose to 2500, in 1994 to 4000 dinars, in 1997 to 4800 dinars, in January 1998 to 5400 dinars, and in September of the same year to 6 thousand dinars, and in 2001 it increased to 8000 dinars, to be raised in the year 2004 to the limits of 10,000 dinars, then settled at 12 thousand dinars in 2007, to be revised again in 2010 where it was set at 15,000 dinars, and in 2012 it was fixed at a ceiling of 18,000 dinars by presidential decree No. 11-407 of Muharram 4, 1433 corresponding to November 29, 2011, issued in the Official Gazette No. 66 of Muharram 9, 1433 corresponding to December 4, 2011, and despite the great increases experienced during this period in many goods and services, the public authorities did not hint at any An initiative to reconsider the base wage. (**Shbeita, 2018, p. 5**)

According to the website specialized in analyzing financial information 'MySmoisy', the increases approved by the Algerian government over recent years have enabled it to rank second among African countries that give the highest minimum wage rate after Morocco (**Zmosh, 2015**), and the following table shows the evolution of the national guaranteed minimum wage. (1990-2012).

**Table 1** : Evolution of the National Guaranteed Minimum Wage (1990-2012).

The year	Guaranteed National Minimum Wage (Algerian Dinar)
1January,1990	1000
1January,1991	1800
1July ,1991	2000
1Avril ,1992	2500
1January,1994	4000
1May ,1997	4800
1January,1998	5400
1September,1998	6000
1January,2001	8000
1January,2004	10000
1January,2007	12000
1January,2010	15000
1January,2012	18000

**Source** : National Bureau of Statistics.

On the other hand, the wage hikes that resulted in the review of the national wage system, which took place in Algeria in 2010, enabled the progress of monthly net wages outside the agriculture and administration sectors (**Belamri, 2012, p. 3**), by 4.7 percent compared to the previous year, according to the results of an investigation carried out by the National Office of Statistics. On wages in institutions, noting that this progress is linked to the wage hikes that took place during the same year, including raising the guaranteed minimum wage, which moved from 12,000 to 15,000 dinars. In terms of qualification, the figures of the national investigation on wages at establishments in 2010 indicated that this progress was significant, 8.6% for employees, while it amounted to 6.3% for tyres, and 7.3% for implementation users. As for the sectors of activity, the investigation showed that It included 934 national institutions, including 616 public and 318 private, employing 20 or more employees. The largest increase was recorded in the transport and telecommunications sector, which was an increase of 14.4%, followed by the health sector, with a relative increase estimated at 8.8%, and finance by 8.4%. The investigation indicated Which singled out all sectors with the exception of agriculture and administration, that the average monthly net wages amounted to 27000 dinars, with 38,500 dinars in the public sector, and 21,500 dinars in the national private sector. (**Office, 2010**)

The average net monthly wage for various sectors outside agriculture and administration increased by 8.2% in 2012 compared to 2011, according to the results of an annual investigation on wages carried out by the National Bureau of Statistics in institutions, and the reason is the increase that came in 2012 with the increase in the guaranteed national minimum wage from 15,000 DA to 18,000 DA And according to qualification, this rise was more important +8.7% for executing persons and control workers +8% more than tires, +7.6%. The wage rise was more important in some sectors of activities compared to other sectors, especially in the extractive industries sector, with an increase of 15 %, finance, recorded an increase of 12%, transportation and communications +11.6%, according to what was confirmed by the investigation, which affected 912 institutions, including 611 public and 301 national private, whose employees are estimated to be 20 or more, The average net monthly wage in 2012 amounted to 31,800 dinars, approximately 45,000 dinars in the public sector and 25,700 dinars in the national private sector, as revealed by the investigation, which aims to determine the level of net monthly wages according to qualification, activity and sectors, as well as the composition of the raw wage (base wage, grants and compensation), and the base wage remains In various sectors, the most important formation is with 64.4% of the total compensation, grants and compensation representing only 36% (**Office, Social statistics, wages, 2012**).

The National Office of Statistics revealed that the average monthly wage in Algeria outside the agriculture and administration sectors recorded a growth of 4.8% during the year 2014 to reach 37,800 dinars, compared to 36,100 dinars in 2013. According to the sector, wages in 2014 witnessed an overall development of 4.6% in

the public sector and 5 9.9% in the private sector, according to the results of an annual investigation on wages carried out by the National Bureau of Statistics in May 2014 at 832 institutions, of which 564 are public and 268 are national private, representing all activities except agriculture and administration, The net wage amounted to 52,700 dinars in the public sector and 31,000 dinars in the private sector in 2014. The most important increases were related to the health sectors (14.6%) and trade and reform (12.4%). On the other hand, the Bureau noted a slight increase in wages for workers in the hotel and restaurant sectors (2) And the results of the investigation confirmed once again that the oil sector pays the best wages, as the average wage level reaches 98000 dinars, followed by the finance sector with 57800 dinars, and the construction sector wages remain at the lowest level in the wage structure with an average monthly amount It is estimated at 28700 DA in 2014 according to the data (**Office, Social statistics, wages., 2014**).

The average monthly net wage in general during 2016 amounted to about 39,000 dinars, reaching 55,700 dinars in the public sector compared to 32,600 dinars in the private sector. 39200 dinars, and these figures are the summary of the annual investigation conducted by the National Statistics Office, which included 545 public institutions and 242 institutions from the private sector, which employ 20 wage workers and more (outside the agricultural sector and administration interests), According to the data of the National Bureau of Statistics, the discrepancy and the difference recorded in wages between the public and private sectors is due to the presence of a number of public institutions, which have a heavy labor force and possess a stimulating professional promotion ladder. According to the results of the same investigation, the activity in the hydrocarbon sector and the financial sector are still the first two in which employees enjoy high wages, and this is explained by the fact that many companies in the oil sector employ certificate holders and have the ease of paying wages to their employees (special wage system) explains the National Bureau of Statistics, On the other hand, we find that the net wage in the construction sector is less than the general average wage, as it does not exceed 30,400 dinars per month, while it reaches 32,900 dinars for activists in the real estate and services sector for institutions, and the reason for this is that the employees of the majority of these companies are implementation agents, which contributed to the low wage average for this sector (**Office, Social statistics, wages, 2016**).

The average net wage in Algeria during the year 2017 outside the agriculture and administration sectors was estimated at 40,300 dinars, and according to each legal sector, the average monthly wage was estimated at 56,200 dinars in the public sector and 33,000 dinars in the national private sector during the same year, i.e. a difference of 23,200 dinars, according to the results of an annual investigation conducted by the Bureau During the month of May of the same year, the National Statistics Office had 762 institutions, including 535 public institutions and 227 private institutions, with 20 or more workers working in various sectors except for the sectors of agriculture and administration (**Office, Social statistics, wages, 2017**).

The average monthly net wage in Algeria has always been estimated outside the agriculture and administration sectors at 41,000 dinars in 2018, compared to 40,325 dinars in 2017, registering an annual increase of 1.6%, according to the Algerian News Agency at the National Office of Statistics, and according to sectors, the average monthly wage was estimated at 57,300 dinars in the public sector and 33,400 dinars in the sector The National Private Banking Bureau in 2018, with a difference of 23900 dinars, according to the results of the annual investigation on wages, which was carried out by the National Bureau of Statistics in May 2018. 748 institutions participated in the investigation, including 512 public companies and 236 private national companies, employing 20 wage earners and above representing various activities except for the agriculture and administration sectors, The National Office of Statistics explained that this difference in wages between the public and private sectors is partly due to the presence of some important public institutions in terms of the workforce that operate with a distinct and special wage system, and this is related in particular to the extractive industry institutions (the hydrocarbons and petroleum services sector), financial activities, transport and communications (Agency, 2019), The following table shows the evolution of the average net monthly wage in Algeria during the period (2010-2017).

**Table 2:** The evolution of the average net monthly wage in Algeria during the period (2010-2017).

Unit: Algerian dinar.

sector years	public	National Special	Average monthly wage
2010	38500	21500	27000
2011	41200	23900	29400
2012	45000	25700	31800
2013	51000	29200	36100
2014	52700	31000	37800
2015	54700	32100	39200
2016	55700	32600	39900
2017	56200	33000	40300

**Source:** Prepared by researchers based on:

National Office of Statistics reports for the years: 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017.

### 3.3 Article 87 bis and its impact on wages in Algeria:

The most important thing decided by the political will in the Finance Law on January 1, 2015 is to raise wages by fixing them and redefining and redefining the guaranteed national minimum by repealing Article 87 bis of the Labor Law related to labor relations, and this article was imposed by the International Monetary Fund in 1994 in order to freeze wages in Algeria, given the country's financial and security conditions, the abolition of Article 87 bis had effects on wages, which we explain as follows: (Boukhrouba, 2017, pp. 214-219)

**The state of wages before the amendment of Article 87 bis:** The increases

approved by the Ministry of Finance in 2004 to raise the guaranteed national minimum wage amounted to 9,000 dinars, despite that, most social groups did not benefit from this increase, especially those who receive salaries ranging from 10,000 DA to 20,000 DA, and they represent 50% From the wage earners, while those in the best condition of this category benefited from these increases, and the wages of workers who receive salaries ranging from 20000 to 40000 chickens have been significantly increased, And the complications remained at the level of wages in Algeria, because the problem does not lie in the size or value of the wage block, which is the preoccupation of the Ministry of Finance, but rather in how this wage block is distributed and the differences that exist between the different levels of wages. Under which the guaranteed national minimum wage is imposed, as the formula included in this article prevents many groups with low or weak wages from benefiting from the increases decided by the Ministry of Finance.

**The state of wages after amending Article 87 bis:** It will work to implement the wage network following the abolition of Article 87 bis gradually and over a period of three years, in a logical and rational manner. Which ranges from 15,000 to 30,000 dinars, and the market should also be regulated because if wages rise and prices rise with them, canceling this article will have no benefit. On the other hand, the draft budget for the year 2015 was calculated on the basis of the overall growth of the gross domestic product by 3% and according to a growth estimated at 4% outside of hydrocarbons. And preparing it for export outside of hydrocarbons on the one hand, and making every effort to reduce imports, which undoubtedly works to eliminate national wealth and keep the state away from prosperity and growth, The latter also witnessed a significant decrease in its income by 17.66 billion dollars in 2013, noting that this source of wealth is limited in time and at the same time there is an increase in the import of all materials of all kinds and types, such as wheat and cement, which deduct a large part of the income in hard currency. If growth depends only on hydrocarbons, it will not wait for a real social treatment in the sense that economic growth in our country is a weak factor in creating jobs and employment, The mining activity of hydrocarbons contributes 97.98 percent of exports and represents 40.50% of the gross domestic product, but it contributes only 2% or 3% of total employment. The wage policy does not stop at determining the guaranteed minimum that causes a change in the wage network Rather, it goes beyond that to search for a rational financial rule that depends primarily on creating productive wealth and investing it outside of hydrocarbons, which increases the gross domestic product through which wages rise and are distributed rationally.

#### 4. CONCLUSION:

Through the previous analysis, we found out that there is a large discrepancy in the wage system between the public and private sectors, and we also noticed some imbalance in the distribution and levels of wages in some sectors, which explains the emergence of labor protests from one period to another regarding ensuring wages for decent living standards and achieving justice between the effort provided and the wage

This paper showed a set of results that can be summarized as follows:

It represents the corresponding wage that the worker seeks after providing his services, and the wage is divided into two parts: The first is distinguished in that it is fixed in terms of its existence, and the second is variable because of the increases it includes on the basis of compensation for night work or compensation for overtime hours and so on;

Wages play an important role in creating balance and reviving development and stability in society if they are built on scientific and methodological foundations;

Several considerations are involved in determining the wage, as the latter affects the course and development of the wage variable, among which we mention: national income, total productivity, unemployment and inflation...etc;

The Algerian legislation with regard to wages touched on some principles, including: the principle of a conditional link between work and wages, regular cash and total payment of wages...etc;

The wage-raising processes that resulted in the review of the national wage system in Algeria enabled the progress of monthly net wages and in all sectors of economic activity outside the sectors of agriculture and administration, which are not covered by the study and at all levels of qualification, but there remains a discrepancy and a recorded difference in the levels of wages paid between the public and private sectors. The reason is due to the presence of a number of important public institutions that have a dense workforce with their possession of a stimulating professional promotion ladder and operate with a distinguished and special wage system, which confirms the validity of the study hypothesis;

The problem of the level of wages in Algeria does not lie in the size or value of the wage block, which is the main concern of the Ministry of Finance, but in how this wage block is distributed and the differences that exist between the different levels of wages, and the limited level experienced by the national economy.

In this context, the following recommendations can be made:

Evaluating the size and value of the wage block, which is the main concern of the Ministry of Finance, and distributing it on a regular and periodic basis to reduce the differences that exist between the different levels of wages and in the various sectors;

The search for rational financial governance depends primarily on creating productive wealth and investing it outside of hydrocarbons, which increases the gross domestic product through which wages are raised and distributed rationally.

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