

Contribution to a reflection on an analytical study of macroeconomic variables and their impact on the Algerian economy by 2030

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Abstract:

Macroeconomics in general has several objectives, including: the variables that explain the behaviour of groups of agents. Macroeconomics also studies the main imbalances that can occur between aggregates (inflation, unemployment, foreign trade, etc.).

Similarly, macroeconomics highlights the means of achieving certain goals set by society (price stability, growth, full employment, etc.). The analysis of these means is the responsibility of public policies implemented by the public authorities. In Algeria, macroeconomic variables must be studied and implemented in a coherent manner. Thus, in order to establish and promote macroeconomic indicators for the emergence and development of the national economy, Algeria should undertake a series of structural reforms as soon as possible that are complementary and mutually reinforcing.

Keywords: *Macroeconomics, macroeconomic variables, structural reforms, fundamental levers, good governance. Algerian economy. WTO.*

Introduction

Macroeconomics in general has several objectives, including: the variables that explain the behaviour of groups of agents. Macroeconomics also studies the main imbalances that can occur between aggregates (inflation, unemployment, foreign trade, etc.). Similarly, macroeconomics highlights the means of achieving certain goals set by society (price stability, growth, full employment, etc.). The analysis of these means is the responsibility of public policies implemented by the public authorities. Also, our contribution in this context aims to highlight the characteristics of the main variables to be implemented in Algeria in order to establish and promote an efficient economy in the future, in the same sense, an

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economy that can satisfy the needs of the Algerian population in all areas. In this context, the main variables relating to the macro-economy will have to meet the needs of the entire nation, especially as the demography in Algeria is growing (approximately 1 million births per year, by 2030, Algeria will have 53 million inhabitants). In this context, the main variables relating to the macro-economy will have to meet the needs of the entire nation. Prospective studies are necessary so that Algeria can have a medium and long-term vision of its future. The vision in question should be characterised by a roadmap that can design a strategy capable of constituting the set of decisions and actions relating to the choice of means and the articulation of resources in order to achieve the objectives outlined: In what economic constraints will Algeria have to evolve by 2030? How will Algeria have to overcome these constraints by 2030? What will be the economic future of Algeria in the coming years?

The Algerian economy as a whole is therefore facing the challenge of ensuring its financial equilibrium and diversifying its sources of income, which are largely dominated by hydrocarbon export revenues, in a context marked by geopolitical tensions throughout the world. It is therefore essential to build a more diversified economy that is less dependent on only the performance of the hydrocarbon production and export sector. Economic diversification is necessary, and it is also the only way to face the challenges of job creation and the income needed to meet the needs of our population. Also, profound reforms are to be conceived in Algeria to allow the emergence of a new model of governance and growth, through macroeconomic variables that can achieve the various objectives that will be implemented by the competent authorities. The economy is becoming global and competition is increasing at the international level. This is one of the reasons why states seek to anticipate and sometimes influence their environment. Consequently, consistent macroeconomic variables must be studied and implemented to achieve the various objectives for the emergence and development of the Algerian economy through ambitious and coherent public policies.

Issue

A central question is at the heart of our problematic:

-What are the different levers to be implemented for a coherent macroeconomic policy by 2030 in Algeria?

Our main hypothesis is the following:

It must be admitted that today there is a general consensus among decision-makers at different levels of responsibility on the need to seek a new way of conducting the economic and social development process; at the national and local

levels and in public affairs in general. Also, efficient macroeconomic variables need to be implemented to establish and promote emergence and economic development in Algeria through harmonious public policies.

The main objective of our contribution

It is a question of highlighting the main macroeconomic variables to be implemented on the one hand, and on the other hand, highlighting the public policies to achieve the objectives that characterise these macroeconomic variables in question by 2030.

Overall structure of our paper

We have structured our work along the following well-defined lines.

1) Good management of public expenditure and the state budget in Algeria by 2030: Lever of action for efficient economic policies.

The intervention of public authorities in the economic and financial system is a major feature of all contemporary societies. It manifests itself in different ways. Some are monetary, others are not. The former take the form of public expenditure and revenue.

1.1. A brief review of the literature on the subject

Fiscal policy is the instrument of economic policy that uses the budget to influence national activity. It uses an important lever: action on public expenditure.

1.1. 1.. The concepts of budget and finance law:

A) The State budget:

The budget is the set of accounts that describe, for a calendar year, the resources and expenses of the State. It is also the legal act by which the State's annual revenue and expenditure are planned and authorised.

B). Finance laws:

The finance laws determine the nature, amount and allocation of the resources and expenses of the State. A distinction is made between the initial finance law and the amending finance laws (often referred to as "budgetary collectives"). The initial finance law provides for and authorises all the resources and expenditure of the State for each calendar year. The initial finance law provides for and authorises all the resources and expenditure of the State for each calendar year. The budgetary collectives modify the initial finance law during the financial year.

1.1.2. Structure of the State budget: legal presentation

The State budget may be presented in a legal or functional format.

Table 1 showing the initial budget law

	Resources	Charges
I) Operations of a definitive nature		
A) General budget		
B) special treasury accounts (earmarked account) II)		
Ancillary budgets		
III) Temporary operations		
Grand total (I+II+III)		

Source : Bernier B, Simon Y (1984) : Initiation à la macroéconomie, Dunod Editions, Paris 138.

A) The state budget:

Includes final operations, annex budgets and temporary operations.

B) Operations of a definitive nature :

Amounts recorded as final expenditure will never be recovered by the government. This is the case, for example, for salaries paid to civil servants. These operations are broken down between the general budget and the special treasury accounts. The special treasury accounts record the State's expenditure and revenue between which a link is established, contrary to the principle of non-allocation

C) Ancillary budgets:

These budgets record the expenditure and revenue of government departments whose activities are geared towards the production of goods or services for which payment is made. The main annexed budget is the post and telecommunications budget.

D) Operations of a temporary nature:

These operations include loans, advances and all similar operations for which the expenditure will be recovered after a certain time. They are mainly loans and advances granted by the Treasury to companies or local authorities and to certain foreign States.

E) Balancing the budget:

Balancing the budget cannot be understood without reference to two terms that are often confused: budget deficit (or its opposite, surplus) and deficit:

- The budget deficit is the excess of final expenditure over final revenue;
- The overdraft is the excess of expenses over revenues of the general budget and special treasury accounts, recorded in the final and temporary transactions.

1.1.2. Structural and cyclical policies:

A) Structural policies:

Structural policies are policies that address the long-term development of

the economy and its structures. Examples are social or industrial policies. Fiscal policy in this respect can be used cyclically for economic recovery, but also structurally for employment and industrial policies.

B) Cyclical policies:

Cyclical policies are policies aimed at dealing with all short-term variations in economic activity. They can have different objectives which may be complementary or contradictory: high GDP growth, full employment, price stability and external balance. The most widely used cyclical policy instruments are fiscal policy and monetary policy. Within the framework of general economic policy, the aim of monetary policy is to provide the economy with the quantity of money necessary to continue economic growth and to achieve full employment.

1.1.3. Economic policies:

Economic policy can be defined as a set of coherent decisions taken by the public authorities and aimed, using instruments, at achieving objectives relating to the equilibrium situation of a nation. The objectives pursued are both economic and social. Economic policies also include a set of objectives and instruments by which the public authorities seek to act on economic variables. A distinction is generally made between cyclical and structural policies (Biales, Leurion, Rivaud, 2007) (Carrissant, Lesnard, Rival, 2010)

Table 2 highlights the typology adopted for economic policies which takes into account the duration, objectives and expected effects.

Cyclical policies	Structural policies
Fiscal policy/ monetary policy	Social policy/industrial policy
Short term	Long term
Objective: to maintain balances	Objective: adaptation of structures
Quantitative effects	Qualitative effects

Source : (Rival M, Carrissant C ,2010) : Les politiques publiques. Editions INTEC, Paris, p 13.

1.1.4. Financing the economy:

The economy can be financed by internal financing through self-financing. On the other hand, companies generally represent "deficit agents" with an overall "need for financing" because of the size of the investments they have to make. The financing of the economy can also consist of external financing provided by the monetary and financial system: external financing can be indirect, within the framework of credit operations, or direct, when it is carried out on the capital markets. Thus, capital markets are diverse and fulfil two essential economic functions. Firstly, they allow some borrowers to obtain financial resources. This is

the case for the bond and equity markets. Secondly, they allow banks and credit grantors to refinance themselves by selling their claims to other financial institutions willing to buy them back. This is the case for the money market and the mortgage market. Several authors have highlighted the importance and strategic nature of financing the economy (**Longatte, Vanhove,2007**) (**Rival, Carrissant, 2008**) (**Bernier, Simon 1984**) (**Damarey,2006**)

1.2. Les effets induits par une bonne gestion des finances publiques en Algérie à l'horizon 2030

In Algeria, the state budget is the main instrument for economic policy in general and price policy in particular. This budget is mainly fed by oil taxation and other current revenues. The seriousness of the imbalances affecting the state budget has just taken on a worrying dimension. The current budgetary difficulties have their origin in, among other things, the insufficient diversification of our economy and its heavy dependence on hydrocarbons.

1.2.1. Improving public finances in Algeria: a vital necessity :

(**Bessaha, 2021**) notes in this regard: “In 2020, the deficit was financed by domestic debt (financial paper for 1302 billion DA) and drawings on the deposits of public entities housed in the Bank of Algeria for an amount of 898 million DA. In 2021, the deficit was covered, among other things, by temporary advances to the treasury of 335 billion DA (i.e. 1.5% of GDP and already reimbursed) and loans of 520 million DA under the Special Refinancing Programme (PSR), a mechanism set up by the Bank of Algeria in June 2021 with a ceiling of 2,100 billion (i.e. 9.3% of GDP). With the participation of the treasury, public enterprises and public banks, the PSR allows the state to finance itself through the issuance of treasury bills at preferential rates subscribed directly or indirectly by public enterprises and public banks.”

1.2.2. Rationalisation of budgetary choices in Algeria: a major lever for good management:

The large deficits in public finances are, in our view, a cause for concern, as they threaten macroeconomic balances. Indeed, in the absence of economic diversification, the rationalisation of budgetary choices is more than ever on the agenda. The public authorities must implement a strategy to put an end to deficits through rigorous budgetary rules by highlighting a profound restructuring of public finances in Algeria. Indeed, the budget influences the economy through its balance, which expresses an imbalance between revenue and expenditure. It also influences the modalities used to ensure the financing of the budget deficit. Macroeconomic and structural reforms spread over the medium term

will enable Algeria to face the challenges of the future. In this context, a medium-term plan (horizon 2030) involving macroeconomic reforms is necessary in this sense. (Bellal, 2017) (Benachenhou, 2015) (Benissad, 2018)

1.2.3. A reform and modernisation of the tax administration in Algeria: another form of macroeconomic coherence:

Tax reform and the modernisation of the institution constitute, in our opinion, one of the largest reform projects for the 2030 horizon, in order to establish and promote a tax system capable of meeting the needs of public finances in Algeria. The mobilisation of public resources through ordinary taxation is a very important lever for reducing the budget's dependence on oil revenues alone. Indeed, oil taxation has represented on average two thirds of state revenue, and has been used to finance social transfers included in the operating budget, while ordinary taxation barely covers the public wage bill, which represents a significant proportion of operating expenditure. Therefore, the public authorities must undertake a strategy to increase ordinary taxation. Several solutions exist in this context, including the fight against the informal sector and its integration into the tax and parafiscal base on the one hand, and on the other hand, the establishment of a plan to increase the competitiveness of public companies so that these companies can fully participate in the state budget revenue through the financing of the budget deficit by taxation. The contribution of the agricultural sector to taxation should also be given priority by 2030, for example. Moreover, no regulation of the marketing of agricultural products will be possible as long as farms do not pay taxes (Benachenhou, 2015). On the other hand, it is necessary to highlight in this context, a broadening of the tax base through new tax niches which, in our opinion, remains essential to fight against tax evasion in Algeria. The implementation and development of information in this field is essential to fight against tax evasion, why not, for example, implement invoicing in all commercial acts? Information through invoicing contribute to the fight against tax evils and allow ordinary taxation to regain its weight, as the informal economy in this sense has considerably disrupted the Algerian economy in general and tax collection in particular

1.3. The fight against inflation and employment policy in Algeria: Two macroeconomic variables to be taken into consideration:

Inflation is characterised by a sustained increase in the general price level. There are several interpretations of this: cost-push inflation, which develops through the initial increase in the production costs of firms. This rise in costs may be due to imported inflation through the company's purchases abroad, or to a rise in wages which weighs on production costs. There is also demand-side inflation,

which would result from the simple observation of the law of supply and demand. In a market, an excess of demand over supply leads to an increase in price until a new equilibrium is reached. This excess demand can have a monetary origin (**Bensalhi,2012**) The development of unemployment has led states to implement employment policies. In fact, employment policies are a choice of the government. This choice is based on a representation of the labour market.

1.3.1- The fight against inflation: an absolute necessity in Algeria :

Inflation is an imbalance that affects all national economies. There are many sources of inflation, three of which are important in Algeria: the role of the currency, market imbalances and the nature of economic and social structures. In this context, it is imperative that the public authorities in Algeria act in this direction. (**Benachenhou, 2015**) notes in this regard that inflation is a tax on the poor and on those on fixed incomes. The fight against inflation, which is possible and urgent in order to facilitate the exit from subsidies, must be carried out on several fronts: the development of agricultural supply, the fight against the informal sector, the strengthening of competition and a more targeted macroeconomic policy.

1.3.2. Some indications on inflation in Algeria

According to the National Statistics Office (ONS), in December 2021, compared to the same month in 2020, consumer prices increased by 8.5%; price increases were widespread in 2021. Price increases have become widespread in 2021. The respective increases of 6.7% and 2.7%

In 2021, for example, the projections of a rebound in inflation are taking shape: the rise in production costs due to a surge in inputs on the world markets is gradually being reflected in the prices of industrial food products. In addition, domestic markets suffer from a lack of regulation and the overwhelming weight of the informal sector, which feeds inflationary expectations, distorts price formation and contributes to the increase in currency circulating outside the banking channel. It is also worth highlighting the war between Russia and Ukraine, which has accelerated inflation in certain areas. In this context, the public authorities must implement a strategy to curb inflationary pressures in Algeria through an alternative that participates in the development of a non-inflationary financing system, a system that reduces the weight of monetary creation and the abusive recourse to oil and gas revenues. Macroeconomic objectives must be set for the 2030 horizon with appropriate regulatory instruments (**Guecioueur ;2022**) (**Nemoucki, 2022**) (**Benissad, 2018**)

1.3.3. The return to employment in Algeria: a macroeconomic variable with high economic potential :

The mobilisation of Algerian companies around a national employment strategy is important. A strategy in this sense in the medium and long term up to 2030 is necessary. Also, the development of small and medium-sized enterprises (SMEs) in Algeria is a key parameter in this context. The public authorities should accentuate the measures for the establishment of SMEs in order to promote employment in Algeria and at the same time fight against unemployment. To this end, there is a need for regulations that allow for flexibility in the labour market and thus promote employment. On the other hand, the reduction of working time as an alternative can also contribute to the supply of employment and an additional modality of flexibilisation of the employment relationship, through to the possibilities of organising working time within this framework. Moreover, the relaxation of the form of the employment contract can constitute a variable for the development of the labour supply. The public authorities in Algeria have a responsibility in the design and conduct of employment policy for the following reasons: to cushion the consequences of the downsizing of overstaffing in public enterprises, for example, to limit the unemployment of higher education graduates by raising the level of training for access to certain professions, to revise the system A relationship between the training system as a whole and the socio-economic sphere should be established (Mouhoubi, 1998). A relationship between the training system as a whole and the socio-economic sphere should be established (Mouhoubi, 1998) (Grim,2009) (Ben Makhloufn Aknine Souidin2018)

1.4. A coherent monetary policy: a strategic macroeconomic variable in Algeria

Monetary policy aims to regulate the growth of the money supply so that the quantity of money in circulation is not too large to avoid inflation, but sufficient to ensure the volume of transactions and not to slow down economic activity. Monetary policy therefore consists essentially of acting on the level of interest rates and is generally defined and conducted by central banks. Monetary policy has taken an important place among economic instruments in the world and in the West in particular. According to (Benachenhou, 2015) in Algeria, monetary policy faces three challenges directly or indirectly:

-The Bank of Algeria must strengthen the supervision of banks, especially public ones, to prevent the regeneration of bad debts and the repurchase by the Treasury, which no longer has the means to do so because of its other obligations.

The moment of truth is approaching: the country cannot maintain the status quo that presides over the relations between public banks and public companies.

-Monetary policy and banking supervision must move away from the lack of a specific financial constraint on the public sector, legal rules require a major change in bankruptcy law for banks' employment customers.

-A considerable new problem also arises: that of bank financing of the treasury deficit over the next few years if public spending does not fall significantly in the context of maintaining oil prices at their current level. How to finance the growing treasury deficits without crowding out other economic operators? How to develop the capital market and organise its management to finance companies and avoid financing.

1.4.1 The depreciation and devaluation of the dinar: what impact on monetary policy in Algeria?

A) What do the terms depreciation and devaluation mean?

For (Nouioua, 2017) depreciation and devaluation are terms that both refer to the loss of value of the domestic currency against foreign currencies. Depreciation is used when the loss of value occurs as a result of downward fluctuations in the national currency; whereas devaluation indicates the decision to reduce the value of the national currency by a specified percentage in the form of an official text, which is issued by the monetary authorities and promulgated to the public.

B) Some assessments of some Algerian economists on the different impacts of the devaluation of the dinar:

(Meddahi, 2020) explains that the fall of the dinar will make imports more expensive, and therefore they will fall, which will reduce the external deficit. The fall of the dinar will also increase oil taxation, customs taxation and the dividends that the Bank of Algeria will pay to the Treasury, which will reduce the budget deficit. The fall of the dinar will also favour local production to the detriment of imports and help non-hydrocarbon exports, starting with agricultural products. (Siagh, 2019) also highlights the structural reforms, indicating in this context "in the context of the implementation of structural reforms, the official value of the dinar and that of the parallel market should tend to come closer together, however, a devaluation will mainly give the illusion of having more resources in the state coffers, However, a devaluation will mainly give the illusion of having more resources in the state coffers, since the oil dollars will bring in more dinars and will inputs make it possible to better cover expenses in the short term, but imports will become more expensive, especially the inputs that go into the manufacture of Algerian products, which will increase the cost of living. However, the Algerian

currency has been depreciating slowly since the 2020 fiscal year, in a context marked by widening budget and current account deficits, as well as unfavourable developments in certain economic fundamentals.

1.4.2. The effects of the official and parallel exchange rate on the Algerian economy:

The exchange rate is the price of a currency in terms of the national currency. It results from the confrontation of supply and demand. The conditions under which the exchange rate is determined vary greatly depending on the exchange rate regime in the country.

In Algeria, the fall of the dinar will have important repercussions on imported goods, which should lead to an increase in prices in Algeria, given the large quantities imported into Algeria. However, this fall in the dinar will also have repercussions on the state budget, as the budget deficit will be reduced through the oil taxation. It should also be noted that this fall in the dinar will have a positive "psychological" effect on local production. However, the stability of the dinar becomes an absolute necessity. In this context, structural reforms are essential in Algeria, in all economic and social fields

1.5 IMF forecasts for the Algerian economy up to 2026

The IMF has produced forecasts highlighting certain macroeconomic variables up to 2026

Table N°2 / Algerian economy: IMF forecast

Period	2021/2022/2023/2024/2025/2026
Economic growth in %.	3.2 / 2,4/ 1,8/ 0,7 0 0,1
Budget deficit as % of GDP	11,8/ 11,8/ 12/ 12/ 12/ 12 ;2
Public debt as % of GDP	59,2/ 65, 4/71,1/ 76/ 80,1/83,8
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Current account deficit as % of GDP	4,9 / 3,6/3,5/ 4,7 /5.8/ 6,1
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Reserves in billions of dollars	43,6 /38,5 /33,3/25,6 /15,2/ 12;3
-----	-----
Inflation in % of GDP	6,5/ 7,7/8;8/9,9/ 10,8/ 10,9

SOURCE : Sekak R (2022) : le FMI aura-t-il raison ? Journal liberté du mardi 25 JANVIER 2022

However, these are only forecasts, and it is therefore necessary for the Algerian authorities to implement structural reforms that will enable economic development. Also, harmonious public policies must be defined in the medium and long term in

order to curb any possible crisis by 2030. This is all the more important as the Russo-Ukrainian crisis is not looking good and could lead to serious economic crises, including a food crisis. Also, coherent macroeconomic variables are indispensable in Algeria. In this context, we recommend that particular attention be paid to the good governance of economic policies in Algeria.

2: Structural and governance reforms in Algeria: fundamental levers for macroeconomic policy coherence

Can coherent macroeconomic policies be achieved without structural reforms and good governance in Algeria? What are the fundamental levers to be implemented in this context? We will attempt to highlight the relevant answers below

2.1. The need for banking and financial reform in Algeria

A modern, powerful, efficient and competitive economy cannot exist without a modern, powerful, efficient and open banking and financial system. One cannot exist without the other. Developed countries offer us the best example of this perfect osmosis. The reform of the national banking system is closely linked to the transformation of the environment in which it evolves and more particularly to the redeployment of the economic administration of the State which must be reformed to accompany the transition to a market economy and support the enterprise in the production of wealth. In the context of the ongoing liberalisation measures of the economy, the bank must support the economic recovery in all sectors of activity. The needs of the market are great. But this can only be done through a different vision of business and a different type of relationship than the one that has often prevailed until now. Banking sector reform is a necessity, but it will not be sufficient to achieve sustainable growth and diversify the economy unless it is accompanied by a coherent programme of structural reforms (**Grim, 2012**) (**Sari, 2011**)

2.1.1 An efficient stock exchange in Algeria: a vector for harmonious financing of the Algerian economy.

Market capitalisation remains low, as does the number of listed companies. The stock market constitutes an alternative to bank financing in the current situation. Hence the need for the stock market to resort to this mode of financing and to revitalise this market. However, the launch of a compartment dedicated to the financing of small and medium-sized enterprises (SMEs) in 2012 has not changed the situation, which means that today, companies are still not jostling for position on the stock market. Algeria needs to build a stock market that finances the productive economy. The Algerian economy is 98% dependent on hydrocarbon export rents. Well-functioning financial markets are a key factor in producing high

economic growth, whereas inefficient markets are one of the reasons why many countries in the world remain poor.

The stock market is an important economic and financial site to play a real role in the transition from a debt-based economy to a market-regulated economy. Stock market operations in Algeria are struggling to take off and play their proper role. In a market economy, as economic development deepens, the stock market expands. The economic role of a stock exchange is important. In addition to financing the development of companies, a good stock exchange is a place where the managerial quality of companies and the macroeconomic strength of the country are assessed. The development of our financial markets, just like the development of our economy, is a long-term and fundamental task. However, results can be seen if a dynamic movement is set in motion and if there is a will that is equal to the stakes involved (Nouioua, 2017) (Mishkin, Bordes, Haut cœur, Labarthe, 2007) (Bouzar, 2010) (Lakhlef, 2014)

2.1.2.. Islamic finance: Another vector for financing the Algerian economy

The Bank of Algeria has adopted Regulation 20-02 of 15 March 2020, which defines banking operations in the context of Islamic finance and the conditions for their exercise. Unlike conventional banks, in which the risks of lending are borne solely by the borrowers, Islamic banks participate in the risks of operations by lending their money. The Islamic banking system is organised around three fundamental principles: prohibition of interest rate fixing; sharing of profits or losses resulting from investments; and promotion of productive investments that create wealth and employment. There are an estimated 500 financial institutions worldwide. They have grown steadily even during the recent global financial crisis. The value of Islamic finance assets in the top 300 financial institutions has reached \$1 trillion (Bouyacoub, 2000) (Siagh, 2012)

2.2. An efficient business climate: a source of success for public policies in Algeria:

(Lakhlef, 2020) highlights the following question: What can be done to improve the business climate? Many experts, particularly those from international institutions such as the IMF and the World Bank, recommend structural reforms first and foremost, reforms that aim at in-depth, even radical measures of the economy's operating rules in order to correct imbalances, create better conditions for growth recovery and reduce indebtedness.

In this context, for (Grim, 2009) an important work remains to be done in terms of the business climate which, in its current state, does not favour either the local

company or foreign investors, who suffer more than ever from bureaucratic slowness and legal instability. The fight against bureaucracy is indispensable. To this end, the act of undertaking, investing and managing must be unbureaucratized so that initiatives, particularly those of the private sector, can be liberated.

Table n°3 highlighting Algeria's ranking in certain fields of activity

The World Bank Group's "Doing Business 2020" report. The 17^e edition of the "Doing Business" study looks at reforms in selected areas of activity in 190 countries around the world over a 12-month period ending 1 May 2019

Study of the business environment	157 ^e sur 190 pays
Starting a business: 150 ^e in 190 countries	150 ^e sur 190 pays
Building permits	150 ^e sur 190 pays
Obtaining loans	181 ^e sur 190 pays
Protection of minority investors	179 ^e sur 190 pays
The tax burden	158 ^e sur 190 pays

Source : Rapport « Doing Business » 2020 publié par le groupe de la banque mondiale. 17^e édition de l'étude, cité par Liberté Economie du 26 octobre 2019.

Algeria's ranking speaks for itself. The business climate in Algeria needs to be revitalised. An efficient macroeconomic policy cannot be accommodated by a bureaucracy that hinders the development of business. Also, with a prosperous economic environment, the macroeconomic variables should be easily realised.

2.3. Human capital: the main lever for the implementation and success of macroeconomic policies in Algeria.

The quality of human resources represents a considerable asset for an economy and its insertion in the world market. In any structure, the individual holds a predominant place because he is the subject of knowledge, he is the bearer of a part of a whole that is seen through the group. He represents intelligence in its social affirmation, particularly through its behaviour towards knowledge, its aptitudes which touch upon relational capacities and cooperation.

It represents intelligence in its social affirmation, in particular by its behaviour towards knowledge, its aptitudes which touch on relational capacities and cooperation. The attitude of the individual is a source of knowledge by the fact that he creates it and transmits it in his professional environment. The public authorities must tackle the real priorities: human development. Qualified human resources are the backbone for emergence and economic development in Algeria

(Lamiri, 2013) (Semaoune, Brahami, Khiat, 2015) (Khelassi, 2010)

2.4. 2.4. The emergence and development of the knowledge-based economy (KBE): a vector of success for the different macroeconomic variables in Algeria

The knowledge economy encompasses whole areas of a country's activities: lifelong learning and retraining, information and communication technologies, research and development, innovation, communication, expertise and consultancy industries etc. The KBE provides solutions for the implementation of macroeconomic policies. The KBE provides solutions for the implementation of macroeconomic policies. In this context, the public authorities and economic operators in Algeria must take into consideration the KBE - the key sectors of the knowledge economy are education, science, innovation and information and communication technologies. Today in developed countries, it is the university that sets the pace of economic development and scientific and technological progress. The most important role is played by intangible capital, knowledge, research and training. **(Lamiri, 2013) (Baddari, 2020) (Djeflat,2006).**

Governments, as public authorities, are called upon to play an incentive role in promoting and supporting the development of the KBE. Knowledge management is vital for increasing performance, expanding markets, innovating decisively, recruiting strategically and transmitting knowledge. The KBE also contributes effectively to promoting coherent macroeconomic variables in Algeria.

2.5. Efficient enterprises in all fields: a major basis for effective macroeconomic policies in Algeria.

Enterprise must be at the centre of economic policy concerns. The state does not create wealth. Only the enterprise produces the material wealth that the nation needs to move forward. The institutional fabric functions with the wealth produced by the enterprise. The emergence of entrepreneurship in Algeria, for example, can be a major asset for economic diversification **(Lamiri , 2013)** in this context stresses that scientists are formal on one aspect: a key variable for development lies in the quality and quantity of entrepreneurs within a country. The importance of entrepreneurship for the development and growth of a country has led most countries to integrate entrepreneurship education and training into the education system **(Lakhlef, 2014)**. Successful enterprises in Algeria contribute effectively to the various macroeconomic policies in Algeria through the fight against unemployment and full employment; by contributing to the state budget through taxation...

2.6. Good governance: a major challenge for the implementation of efficient macroeconomic policies in Algeria.

For (Okamba, 2010) there are several forms of governance: political governance, administrative governance, economic and financial governance and corporate governance. The interaction between all these components of governance leads to sustainable social cohesion, a factor of sustainable economic and social development that can be evaluated by strengthening the feeling of belonging of individuals to a community, by their integration in the economic and social life of the city and by their degree of participation in collective decision-making. Good governance helps to guarantee the proper application of macroeconomic policies and their positive effects on the Algerian economy as a whole.

2.6.1. The e-governance model as a support to the reform and modernisation of public administration:

(Djeflat, 2006) highlights that e-governance includes, among others, e-government as an important aspect of its use. It is defined as "the ability to obtain administrative services through non-traditional electronic means, allowing access to state and administrative information, to carry out transactions on any subject anywhere and in accordance with the principle of equality for all".

Table 4 highlighting Algeria's ranking in relation to e-government

Country	Ranking in Africa	Country	World Ranking
South Africa	first	USA	1th
Mauritius	Second	Sweden	2end
Seychelles Islands	Third	United Kingdom	5th
Algeria	Fourth	France	19th
Tunisia	8 th	United Arab Emirates	38th
Morocco	18th	Lebanon	69th
Egypt	23th	United Kingdom	5th
		Lebanon	69th
		Algeria	91th
		Kuwait	90th

Source : Djeflat A (2006) : *l'économie fondée sur la connaissance*. Editions Dar El Adib, Oran, p 128. Tableau établi par nos soins

We note that Algeria occupies 4 and 91th places in Africa and at the global level. The link between good governance and economic results has been demonstrated by several successful development experiences. In general, the higher the criteria of good governance, the better the economic and social results(Lakhlef, 2006)(Moreau,2003)(Baron,2003)(Mazouz,Leclerc,2008)

2.7. Effective decentralisation of local authorities in Algeria: a powerful lever for successful macroeconomic policies :

(Lamiri, 2013) points out that 'Chinese successes are due to human skills and especially to the decentralisation process. A Chinese commune is a beautiful decentralised machine, with skilled human resources that plan their own development, negotiate international investments, create enterprises, jobs and multiply wealth and well-being. So much so that more than 50% of Chinese exports come from highly decentralised local enterprises". There is an absolute need to initiate a new model of governance of Algerian communes. The local governance in question thus offers the possibility of bringing public services closer to the population. It allows the transfer of powers, competences, goods and resources from the central to the local level. The challenges of local governance are multiple and are mainly political and socio-economic. Effective decentralisation allows the concretisation of macroeconomic indicators. The commune must function as a service and wealth creation enterprise, and it is obvious that the result will depend on the managerial capacities of some and the degree of involvement of others in the economic, social and cultural life of the community. The municipality should contribute effectively to the improvement of local finances and the state budget, to job creation and to the fight against unemployment, by developing incentives for all investors. The municipality will thus be the spearhead of public policies (Khelil ,2011) (Rahmani ; 2009)(Boulifa, 2018)

3. A brief overview of Algeria's economic reforms in preparation for accession to the World Trade Organisation (WTO)

Created to promote and strengthen free trade around the world, the WTO was established in 1993 by the Final Act that concluded the multilateral negotiating round known as the Uruguay Round under the General Agreement on Tariffs and Trade (GATT).

3.1. The various reforms to be implemented in Algeria

In addition to the various parameters highlighted below, it is necessary to implement, among other things: a return to management standards of performance and competitiveness. The establishment of contractual relations between companies and banks is also fundamental. The repositioning and redeployment of companies in relation to their core activities and their markets is also essential. Algeria's accession to the WTO is therefore a challenge to the community of economic and social players with a view to making the economy more dynamic, in order to take better advantage of the liberalisation of markets on a global scale. It is therefore necessary, even essential, to set up an adequate and rational programme for the

general upgrading of the productive sector and its environment, which will consolidate the recovery measures implemented with rigorous monitoring by the public authorities

3.2. Structural reforms in the context of Algeria's accession to the WTO:

The reforms in question must highlight a recovery of the existing economic potential and its adaptation to the new management conditions of the national economy. The establishment of a legal and institutional framework to allow the emergence of conditions favourable to sustainable and sustained economic growth. At the industrial level, for example, the completion of the current transition process requires that new conditions be highlighted. These conditions must define the necessary elements for the outline of a coherent industrial policy adapted to the economic and social realities in presence. These conditions must privilege the micro-economic action to bring progressively the Algerian companies to become more efficient and to better face the difficulties of structural as well as conjunctural order. Also, the current framework needs to be completed, enriched and corrected in some places to create the maximum conditions for the functioning of the existing potential. Several structural constraints must be studied and solved among others: the weakness in the field of management, the insufficiency of technological mastery, the weakness in the market study, the inefficiency of the banking and financial system. In order to promote an industrial, tourist and agricultural policy, it is essential that a certain number of conditions be met: on the one hand, to take into consideration the state of national structures at the triple economic, political and social level, and on the other hand, to obtain a consensus of the various economic and social actors and to take into account the will of the public authorities to play a role in economic development. Integration into the WTO will allow Algerian companies to integrate into the world economy and will also allow Algerian companies to meet international standards. Also, upgrading is necessary to face international competition (**Rainelli,1999**) (**Heddir,2003**) (**Ravier,2008**)

4. Other parameters to be implemented for a dynamic of macroeconomic indicators in Algeria.

In addition to what we have highlighted above and relating to macroeconomic variables and their impact on the Algerian economy, it should be noted that other levers must be highlighted in order to establish and promote the effectiveness of macroeconomic indicators in Algeria. Structural reforms must be implemented, particularly through efficient economic policies and harmonious financing of the

national economy. However, the success of structural reforms requires fundamental levers to be implemented.

- **T**ransparency in public financial management;
- **B**uilding trust is the Achilles heel of structural reforms;
- **T**he development of entrepreneurship in Algeria will allow the creation of companies and contribute to the fight against unemployment;
- **E**conomic diversification, which could allow the Algerian economy to no longer depend solely on hydrocarbons, in addition, the strengthening of economic diplomacy and the internationalisation of banks and Algerian companies will constitute strategic vectors of economic diversification. Algerian diplomacy can contribute to the internationalisation of Algerian companies and therefore to the development of non-hydrocarbon exports.
- **A**n efficient education system and the development of vocational training that can respond to the demands of companies in order to build bridges between the training system and the business world so as to better integrate the concerns of companies;
- **A** growth-oriented economic policy with a focus on knowledge, creativity and entrepreneurship
- **T**he importance of digital planning and development as a source of performance for the Algerian economy
- **T**he development of innovation: The role of innovation in development, and in particular its effects on competitiveness, are remarkable and serve as an index in investment decisions and in the establishment of companies;
- Review the functioning of the chambers of commerce and adapt their statutes to the current economic context;
- The establishment of a genuine growth pact;
 - Fundamentally reformulate the role of the state and put business at the centre of the process of designing, deciding and evaluating economic programmes;
 - Creation of a Ministry of the National Economy to better structure the economic administration and make it coherent with the business world;
 - Engage in far-reaching economic decentralisation reform in favour of regional economic administrations with wider jurisdiction;
 - Simplify and reduce bureaucracy in the relationship between the citizen and the administration;
 - Orienting training policies in general towards the specific needs of companies;
 - Set up a programme to upgrade colleges and universities in specialities to be defined in relation to the priorities of economic and social development;
 - Modernisation and upgrading of the national economic information system;

- The decriminalisation in practice of management acts in public economic enterprises and in banks;
- Analyse the issue of subsidies and their impact on the state budget.
- Develop research and development; the intelligence system and economic intelligence within universities and companies
- The fight against inflation and the informal sector and the scourge of corruption are sources of efficiency for economic policies in Algeria
- The digitalisation of professions and organisations and the development of digital technology will allow economic efficiency in Algeria
- Renewable energies in Algeria and the problem of water and its consequences on economic recovery are also levers of action to be promoted

Conclusion:

Our conclusion will be based on the synthesis of the main results of our article. Macroeconomic variables must be studied and implemented in a coherent manner in Algeria through efficient measures, notably: good management of public finances through: an improvement and rationalisation of the budgetary cabbage accompanied by a reform and modernisation of the tax administration... The seriousness of the imbalances that affect the state budget has just taken on a worrying dimension. The seriousness of the imbalances affecting the state budget has just taken on a worrying dimension. Beyond the short-term responses to major financial constraints, this situation is very worrying and is likely to have a negative and serious impact on the growth prospects of the Algerian economy as a whole in the coming years. The current budgetary difficulties are also due to the insufficient diversification of our economy and its high dependence on hydrocarbons. The issue of the current imbalances in the state budget takes on its true meaning in the crisis of public governance. Moreover, the fight against inflation must be maintained with efficiency. Another variable, namely monetary policy, must be conducted consistently in Algeria, as it is a very important macroeconomic indicator. Also, the construction of a more diversified economy that is less dependent on the performance of the hydrocarbon production and export sector alone is indispensable. Algeria should undertake a series of structural reforms as soon as possible that are complementary and mutually reinforcing. We can cite in this context: a banking and financial reform which remains indispensable, a business climate which can attract investors and develop investments in all fields. However, certain levers are important in order to concretise on the ground the macroeconomic policies that will be implemented: The development of qualified human resources, an economy based

on knowledge, efficient companies because only the company can create wealth; an effective decentralisation of local authorities is also essential. Other parameters must also be implemented in order to establish efficient macroeconomic indicators that respond to the Algerian economy as a whole, the most important of which we have highlighted above. Within this framework, two scenarios are possible: the status quo or economic emergence through an economic recovery plan that includes measures on the macroeconomic, macro-structural and structural levels. **A) Status quo scenario**

The maintenance of the same behaviours and the same management methods; Total dependence on hydrocarbon resources; Absence of structural reforms; Incentives for rentier rather than productive behaviours; Absence of a strategic vision; It is possible to foresee that the Algerian economy will not make much progress. The following scenario may occur: It will lead in a predatory way to the depletion of the country and at the same time that of its hydrocarbon resources. This scenario will open the doors to a great economic, social, political and other disaster. This scenario will have heavy consequences on Algerian society.

B) Scenario relating to economic emergence through a strategic economic recovery plan that includes measures on the macroeconomic, macro-structural and structural levels.

If the economic recovery plan through its various components is implemented with new approaches, objectives, and a clear, realistic and coherent strategy with the meeting of a maximum of technical and environmental conditions. This most favourable scenario is the one that will have to liquidate the various rents in order to multiply the productive effort and diversify exports. In a word, this scenario is that of a new growth paradigm which frees itself from the Dutch disease and liquidates the persistent rents. It also implies, to do this, taking up the major challenges of the Algerian economy of today and tomorrow. It will perhaps entail a political cost that will have to be borne by the various social segments concerned: those benefiting from various rents whose transfer channels will have to be progressively drained. However, this scenario necessarily implies a considerable deepening of democracy in order to destroy archaisms and build a lasting political and social consensus that will break the locks that prevent a concerted and efficient implementation. It is in this scenario that the Algerian economy will regain its splendour based on competitiveness, profitability, exports, well-being and competence.

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