Many people, regardless of citizenship, greeted de Gaulle's return to power as the breakthrough needed to end the hostilities. On his trip to Algeria on 4 June, de Gaulle calculatedly made an ambiguous and broad emotional appeal to all the inhabitants, declaring, "Je vous ai compris" ("I have understood you"). De Gaulle raised the hopes of the pied-noir and the professional military, disaffected by the indecisiveness of previous governments, with his exclamation of "Vive l'Algérie française" ("Long live French Algeria") to cheering crowds in Mostaganem. At the same time, he proposed economic, social, and political reforms to improve the situation of the Muslims. Nonetheless, de Gaulle later admitted to having harbored deep pessimism about the outcome of the Algerian situation even then. Meanwhile, he looked for a "third force" among the population of Algeria, uncontaminated by the FLN or the "ultras" (colon extremists), through whom a solution might be found.

De Gaulle immediately appointed a committee to draft a new constitution for France's Fifth Republic, which would be declared early the next year, with which Algeria would be associated but of which it would not form an integral part. All Muslims, including women, were registered for the first time on electoral rolls to participate in a referendum to be held on the new constitution in September 1958.

De Gaulle's initiative threatened the FLN with decreased support among Muslims. In reaction, the FLN set up the Provisional Government of the Algerian Republic (Gouvernement Provisoire de la République Algérienne, GPRA), a government-in-exile headed by Abbas and based in Tunis. Before the referendum, Abbas lobbied for international support for the GPRA, which was quickly recognized by Morocco, Tunisia, China, and several other African, Arab, and Asian countries, but not by the Soviet Union.

In February 1959, de Gaulle was elected president of the new Fifth Republic. He visited Constantine in October to announce a program to end the war and create an Algeria closely linked to France. De Gaulle's call on the rebel leaders to end hostilities and to participate in elections was met with adamant refusal. "The problem of a cease-fire in Algeria is not simply a military problem", said the GPRA's Abbas. "It is essentially political, and negotiation must cover the whole question of Algeria." Secret discussions that had been underway were broken off.

From 1958 to 1959, the French army won military control in Algeria and was the closest it would be to victory. In late July 1959, during Operation Jumelles, Colonel Bigeard, whose elite paratrooper unit fought at Dien Bien Phu in 1954, told journalist Jean Lartéguy, (source)

We are not making war for ourselves, not making a colonialist war, Bigeard wears no shirt (he shows his opened uniform) as do my officers. We are fighting right here right now for them, for the evolution, to see the evolution of these people and this war is for them. We are defending their freedom as we are, in my opinion, defending the West's freedom. We are here ambassadors, Crusaders, who are hanging on in order to still be able to talk and to be able to speak for.

—Col. Bigeard (July 1959)

During this period in France, however, opposition to the conflict was growing among the population, notably the French Communist Party, then one of the country's strongest political forces, which was supporting the Algerian Revolution. Thousands of relatives of conscripts and reserve soldiers suffered loss and pain; revelations of torture and the indiscriminate brutality the army visited on the Muslim population prompted widespread revulsion, and a significant constituency supported the principle of national liberation. By 1959, it was clear that the status quo was untenable and France could either grant Algeria independence or allow real equality with the Muslims. De Gaulle told an advisor: "If we integrate them, if all the Arabs and the Berbers of Algeria were considered French,

how could they be prevented from settling in France, where the living standard is so much higher? My village would no longer be called Colombey-les-Deux-Églises but Colombey-les-Deux-Mosquées" [63] International pressure was also building on France to grant Algeria independence. Since 1955, the UN General Assembly annually considered the Algerian question, and the FLN position was gaining support. France's seeming intransigence in settling a colonial war that tied down half the manpower of its armed forces was also a source of concern to its North Atlantic Treaty Organization allies. In a 16 September 1959, statement, de Gaulle dramatically reversed his stand and uttered the words "self-determination" as the third and preferred solution [5], which he envisioned as leading to majority rule in an Algeria formally associated with France. In Tunis, Abbas acknowledged that de Gaulle's statement might be accepted as a basis for settlement, but the French government refused to recognize the GPRA as the representative of Algeria's Muslim community.