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STVK12
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Remittances and development
The case of Algeria

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Abstract

This thesis investigates the characteristics of remittance behavior to Algeria more generally as well as the role of remittances in local and national level development in Algeria using two different analytical-theoretical frameworks: a developmentalist framework based in neoliberal theory, and a more critical framework built on de Haas (2010). A number of case studies and micro-level surveys indicate that remittances contribute to reducing poverty, improving livelihoods and encouraging community development projects in Algeria. Because a majority of migrants come from the coastal areas, the micro level impacts of remittances are likely to be quite unevenly distributed across the country, however. On a macro level, remittances seem to only play a very limited role due to the fact that Algeria benefits from the inflow of large amounts of petrodollars. Overall, data concerning remittances and their impact on development in Algeria is scarce and of a poor quality, however, highlighting the need for more and better designed household surveys.

Keywords: Algeria, North Africa, migration, remittances, development.
Word count: 10 433

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1 Introduction

I recently told a Moroccan friend of mine that I was in the process of writing a bachelor's thesis on the issue of remittances and development in North Africa, upon which he frowned and responded, "Everybody knows that all remittances ever contribute to around here is increasing the cigarette consumption of millions of guys. When people receive handouts like that, they become passive. They don't work at all, they just sit around and smoke and do nothing". Without knowing it, my friend effectively summarized one of the two classical standpoints when it comes to the issue of migration and development, namely what Taylor (1999) has termed migration and development (M&D) pessimism. Throughout the past fifty years or so, a polarized and sometimes very heated debate has been raging between M&D pessimists and those that hold the opposite view, the "M&D optimists". Hein de Haas (2010: 2) identifies four broad phases of this debate, and argues that it to a large extent has mirrored the prevailing larger development paradigms within social science. The first phase, the 1950s and 1960s, was marked by a migration and development positivism; in the dominating neo-classical development paradigm, underdevelopment was seen as a consequence of capital constraints, and remittances were therefore attributed a large importance by virtue of their stimulating effect on local and national economies. Migrants on the other hand were seen as important agents of change and innovation thanks to the values and skills they had acquired overseas. In the 1970s, the pendulum swung: under the historical-structuralist paradigm, a considerable amount of emphasis was placed on brain drain and the fact that remittances fostered dependency. This phase lasted until the early 1990s, in which new, pluralistic approaches like new economics of labour migration and livelihoods approaches brought about a more nuanced view on the migration and development relationship. A fourth phase finally came into being at the turn of the millennium. It is characterized by an unprecedented boom in M&D publications and studies marked by strong M&D positivism, and is thought to have been brought about at least in part by the shift towards the neoliberal paradigm in development policies (de Haas 2008: 2), but also as a result of the large increase in remittance flows from the North to the South. These remittance flows equal something like $374 billion a year worldwide, and in many developing countries they exceed both foreign direct investment and official development aid (World Bank 2011a). How these flows impact the development of the South is thus a highly relevant question for scholars, policy makers, development practitioners and others. One salient characteristic of the contemporary M&D debate is that it lacks sound empirical and theoretical underpinnings, however. The relationship between the two is simply not enough studied, and studies that do exist are often flawed (de Haas 2009: 1575). As a result, our knowledge of the M&D relationship remains highly limited (Castles 2008: 1). Moreover, studies are unequally distributed across the world: some regions, such as Latin America and Asia, have been subject to a large amount of studies, but others such as sub-Saharan Africa and North Africa remain largely untreated.

1.1 Aim and research question

Up to date most, if not all, empirical studies upon which theories regarding the impact of remittances on development are based have been carried out in Latin America or in Asia. North Africa is however strikingly and regrettably absent in both empirical and theoretical literature (de Haas 2009: 1574; Benallaoua 2009), in spite of the fact that it is one of the major labor exporting regions in the world. Moreover, most of the studies that do exist are relatively "piecemeal" or flawed in the sense that they for example do not take into account previous studies done in other languages or within other disciplines (cf. de Haas 2009: 1575, Castles and Miller 2009: 28). The purpose of this thesis is therefore to merge various previous studies into a holistic and systematic analysis by means of a case study of the effects of international remittances on the development of Algeria. More specifically, this thesis will be guided by the following two research questions:

1) *Broadly speaking, what characterizes remittances and remittance behavior in an Algerian context?*
2) *How do remittances affect the individual/household, community and macro level development of Algeria respectively?*

1.2 Method and material

1.2.1 Method

The choice of case – Algeria – is based first and foremost on the fact that despite a long tradition of significant emigration to the global North, the relationship between remittances and development in North Africa remains largely unexplored, with the exception of a few in-depth studies on Morocco. We are thus dealing with an *unknown* case; in effect, a search on Algeria in any of the large academic journals dealing with development and/or migration issues, such as *Development and Change, Migration and Development* or *International Migration Review* yields virtually no results!

Selecting a case on the basis of wanting to gain a better understanding of this particular case is sometimes referred to as an *intrinsic* case study (Punch 2009: 144). However, the case of Algeria could also be thought of as a *representative* or *exemplifying* case. According to Bryman (2012: 70), an exemplifying case is one that "exemplifies a broader category of which it is a member", thereby allowing the researcher to gain a better understanding of certain key social processes. The choice of Algeria is thus based not so much on the idea that it might be a unique or critical case, but more on a belief that Algeria by virtue of its long and "typical" history (Khandriche et al. 2000: 2) as a labor exporting country provides an apt context for studying the impact of remittances on economic development (cf. Bryman 2012: 70). Depending on the conclusions drawn from my research, I will hopefully be able to either confirm common theoretical and empirical deliberations about how remittances affect the development of the country of origin outlined in the theoretical section above, or develop new hypotheses that then could be tested in further studies of the Algerian case as well as other cases. In reality, this way of looking at the case study research process bears much resemblance to the grounded theory approach to research (Punch 2009: 145, 146).

In order to be able to answer my research questions, and primarily the latter, I will first analyze the case of Algeria using a framework which could be termed termed "the developmentalist perspective". It is the theoretical-analytical framework that dominates the contemporary M&D debate and which is anchored in neoliberalism. Secondly, I will also attempt to look at how, if at all, it is possible to apply another, slightly more critical framework put forward by de Haas (2010) in which the household is the primary unit of analysis. These two perspectives are explained in detail in the theory section below, and will hopefully shed light on different aspects of the M&D relationship in an Algerian context.

1.2.2 Material

My material will primarily be drawn from three different sources: international organizations (the World Bank, the International Monetary Fund) national agencies (French, Spanish and French official bureaus of statistics) and academic articles and books.

A major problem concerning research on migration and development in general is the lack of empirical data as well as the poor quality of existing data (Massey et al. 2009: 272). The best way of assessing the developmental impacts of migration on a household and community level is through household surveys but these are very costly and time-consuming and studies that already exist are often poorly designed (de Haas 2008). This certainly applies to Algeria, too, and acts as a constraint on this study. All in all, much of my data is a bit piecemeal and apart from a handful of exceptions the studies are not concerned directly with investigating the developmental effects of remittances but with closely related subjects (the magnitude and purposes of remittance flows, the impacts of return migration, etc.). However, I hope to at least to a reasonable extent be able to compensate for scattered and sometimes flawed data by employing a triangulation or "cross-checking" approach to data analysis (cf. Bryman 2012: 392).

1.3 Definitions and delimitations

1.3.1 Defining "remittances" and "development"

First, unless otherwise specified "remittances" normally refers to *official* remittances, that is, those that are recorded in a country's Balance of Payments (BoPs). These include private transfers (money that is sent back by migrants individually or collectively), so-called compensation of employees (wages, salaries and benefits earned by seasonal workers and diplomatic personnel), and migrants' transfers (the net worth of migrants, which are transferred from one country to the other at the time of migration) (ILO 2009: 64). However, in reality, many remittances are transferred through informal channels and do therefore not appear in official BoPs. Informal channels include postal money orders, transfers via corporations, private money changers, and transfers carried by the migrants themselves (Russell 1986: 62). Unofficial transfers are by their nature extremely difficult to measure, but have been estimated at between 35% and 75% of official transfers in various countries (Freund and Spatafora 2005: 4).

Second, in order to be able to discuss how migration impacts development, it is paramount to to define what sort of development we are talking about. As de Haas (2007: v) has noted, a discussion of what development means is strikingly absent from the migration and development debate, and as a result, most of the discussion has focused on the impact of remittances on income growth and investments in productive enterprises. The purpose of this section is not to problematize the definition of development *ad infinitum*, but merely to arrive at a definition of development that is not so narrow as to only include economic development, but also not too expansive for it to be difficult to work with. The Millennium Development Goals provide a straight-forward idea of what development could be said to mean. If we base our definition of development in the MDGs, development should be measured not just against the yardstick of income growth and productive investments, but also against for example poverty alleviation and inequality, investments in human capital (education), gender inequality, birth and death rates and environmental sustainability (cf. de Haas 2007: 1). These are in many ways analogous to Amartya Sen's (1999) understanding of development as the expansions of human capabilities or freedoms. According to Sen, the different freedoms (such as the freedom to education, the freedom to enjoy good health, etc.) are development ends in themselves, but many of them of course also directly and indirectly contribute to economic development.

1.3.2 Delimitations

Emigration from Algeria is over one hundred years old, and although I will attempt to bear the historical context in consideration as much as possible, it is simply not feasible to discuss how remittances have impacted development over time; I will therefore content myself with looking primarily at the impact of remittances on Algerian development in the recent decades. Also, it is perhaps appropriate to make it explicit that I am very well aware of the fact that there are many other forms of capital transfers – primarily of social and human capital – that also play a key role when it comes to assessing the impacts of migration on the development of the country of origin. It therefore needs to be said that this thesis is not concerned with the impacts of *migration* generally speaking on the development of the sending country, but with the impact of *remittances* specifically.

2 Theoretical-analytical framework

As stated in the methodology section, this thesis aims to look at the issue of remittances and their impact on development in Algeria using two contrasting analytical frameworks, which each are associated also with specific theoretical and conceptual understandings of the migration and development issue. The first perspective is highly developmentalist in nature and could be termed “migration and development optimism”. It has its ideological roots in neoliberalism and the reduced role of the state in the development process to the benefit of self-help initiatives (in this case in the form of migrant involvement). While also generally positive to the impact of remittances on development, the second perspective emphasizes the heterogeneity of the developmental impacts of migration, and argues that these are best understood when merging structure and agency perspectives and using the household as the primary unit of analysis. These perspectives are not mutually exclusive, but by virtue of the different tools and units of analysis they use, they will hopefully shed slightly different lights on the M&D nexus in Algeria.

2.1 The developmentalist perspective

As pointed out already in the introduction, the contemporary migration and development debate is generally very favorable to the role of remittances as a leverage for development of the country of origin (Castles 2008; de Haas 2010). Kapur (2004) has pointed to the fact that this standpoint to a large extent mirrors the neoliberal paradigm which dominates contemporary development discourse. In other words, the idea that migrants ought to shoulder the responsibility for the development of their home countries resonates very well with the neoliberal ideas of rolling back the state, self-help, development from below and so on. It is also very clearly an agency centered perspective, i.e. one that emphasizes the ability of migration and migrants to contribute to development in spite of structural constraints. The fact that there are strong ideological underpinnings to this view is not to say that there is no empirical evidence to back it up, however – empirical-theoretical grounds for this migration and development positivism are discussed in some detail in the following two sections.

2.1.1 Remittances and micro level development

Above all, the main advantage of remittances as a promoter of development is argued to be that they are household to household transfers that have a very tangible effect on poverty reduction, income redistribution and economic growth (cf. de Haas 2010: 228). All other things equal, de Haas (2003) has for example shown that remittance receiving households in southern Morocco are 2.5 times as wealthy as households that do not receive remittances, and in a study on Mexico Duryea et al. (2005) found that remittances had a significant impact on reducing child mortality, whereas Gartaula (2009) also found that remittances have important effects on rural livelihoods in Nepal.

In previous decades, it has often been argued that the bulk of remittances are spent on consumption, such as the purchase of consumer goods, housing, education, social ceremonies, the purchase of other real property, and family maintenance. Conversely, relatively little is typically spent on productive investments (Massey et al. 2009: 258ff). In the 1970s and 1980s, these findings led to many researchers concluding that international migration “stifles development and promotes underdevelopment” (Massey et al. 2009: 260). Since migration is selective (that is, because the migratory project requires a certain amount of financial and human capital, it is likely to be those that are already fairly well off that migrate), remittances are also often argued to exasperate inequalities in the sending region. The large inflow of foreign capital may also lead to inflation of for example land and property prices (Castles and Miller 2009: 61; de Haas 2007: 10). Also, some would argue only a relatively limited amount of households actually have a family member abroad, so migration is actually a fairly limited phenomenon (de Haas 2007: 10). However, most of these arguments are effectively countered within the developmentalist framework. First of all, it is often argued that many of the negative conclusions are based on a very narrow assumption of what constitutes development or a productive investment (Massey et al. 2009: 264). If we take the example of investments in property, for example, they have important multiplier effects in the surrounding community by creating a demand for raw material and providing employment opportunities for carpenters, welders, etc. These effects are usually more important in rural areas than in urban (Taylor 1999: 65 - 73). Second, whereas food, for example, is considered a non-productive consumption, improving a family's nutritional intake is likely to have important beneficial effects on for example agricultural output and educational attainment, both of which typically are fundamental prerequisites of local development. As far as the exasperation of inequalities is concerned, it has often been pointed out that guest workers recruited to Europe in the 1950s and 1960s were actually generally from poor, rural areas, so remittances may actually have an equalizing effect (de Haas 2007: 12).

As far as the impact of migration on a community level, it is often argued that in most cases, a smaller percentage (perhaps in the range of 15 – 30%) of remittances do seem to be invested in what are decidedly productive investments in the migrants' home communities, such as the creation of micro-enterprises, improving public sanitation systems, etc. Productive investments are more likely to occur where there are local institutions in place that can gather these investments and make them available to local producers, as migrants are unlikely to be able to perform the roles of workers, savers, investors and producers simultaneously (cf. Massey et al. 2009: 260). Unfortunately, however, it seems as though the factors that spur migration in Algeria are precisely those that hinder the productive use of migrants' remittances. In the absence of infrastructures and appropriate factor markets (especially for rural credit), it is simply unrealistic to expect that either remittances or any other external stimulus will bring about local development.

2.1.2 Remittances and macro level development

If remittances affect household and communities positively, these impacts are likely to make their way further up the economy through market linkages between households and firms, thereby indirectly affecting the economy also at a national level. Several quantitative studies based on economy-wide modeling have attempted to shed light on this complex relationship. Chami, Fullenkamp and Jahjah (2005) found that remittances are negatively correlated with GDP growth. Most other studies present a positive correlation between remittances and macroeconomic indicators of development. One study by Adelman (1990, cited in Taylor 1999: 70) for example found that for every dollar brought into Mexico by migrants working abroad, the Mexican GNP increased by somewhere between $2.69 and $3.17. In a study based on panel data from 71 developing countries, Adams and Page (2005) showed that remittances significantly reduce the level, depth and severity of poverty; with a 10% increase in per capita remittances, the number of households in a country living beneath the poverty line was reduced by 3.5%. Similarly, using a panel data set from 33 African countries, Anyanwu and Erhijakpour (2010) found that a 10% increase in official international remittances as a share of GDP would lead to a 3% decline in the poverty headcount (that is, the percentage of the population living beneath the poverty line). As far as income distribution is concerned, a few studies have found proof that remittances have an equalizing impact on income distribution as measured by the Gini coefficient (see for example Ahlburg 1996).

Official remittances also directly affect the national economy by providing the national treasury with scarce savings and foreign exchange (Taylor 1999: 69, Ratha 2003). If one wants to assess the importance of remittances on a given national economy, Taylor (1999: 68) therefore suggests looking at the ratio of remittances to merchandise exports and at remittances per capita. In countries where remittances make up 5% to 10% or more of total domestic economic activity, migradollars can be said to be of vital importance to the national economy (Massey et al. 2009: 230). It is also commonly emphasized that remittances have the advantage of being more stable than other sources of external funds such as FDI or ODA, which have tended to stagnate and even decline over time (Sufian 2009: 8; Kapur 2004: 4). However, there is unanimity among scholars that sound financial institutions and economic policies are a prerequisite if a country is to harness the full potential of remittances (see for example Sufian 2009: 9, Massey et al. 2009).

2.2 de Haas' "pluralist" or critical perspective

Largely as a critical response to the dominant developmentalist perspective, de Haas (2010) has developed what he terms a 'pluralist' approach to the migration and development debate and which he argues reflects a larger trend towards pluralism and household-centric approaches within social sciences. It is pluralist not in the sense that it attempts to incorporate "everything", but in that it is an attempt to merge agency and structural related perspective, the former of which he argues often are underestimated in developmentalist and neoliberal theory (hence the "critical" perspective; cf. de Haas 2010: 241). De Haas argues that precisely the choice of the household as the primary unit of analysis is a compromise between actor centered and structure centered perspectives, which he argues allows to a much better extent that other perspectives to account for the often very heterogeneous outcomes of remittances on development.

De Haas builds his conceptual framework on three separate but interlinked theoretical strands: new economics of labor migration (NELM), household livelihood strategies and transnationalism. NELM, first, emerged in the 1980s and 1990s as a response to the neo-classical paradigm which was criticized on the grounds of it completely ignoring the structural constraints to migration and their impact on the developmental outcomes of the same migration. The basic assumptions of NELM can be summarized in the following way:

"(1) migration decisions are part of family strategies to raise income, obtain funds to invest in new activities, and insure against income and production risks;

(2) remittances, or in some cases simply the potential for remittances, consequently set in motion a development dynamic by loosening production and investment constraints faced by households in poor developing country environments" (Taylor 1999: 64).

Unlike in neo-classical economic theory, then, NELM considers remittances as a crucial part of migration. Empirical studies for example in Egypt, several sub-Saharan countries and the Todgha valley in Morocco have indeed showed that propensities to invest increased in remittance receiving households, typically not in the short run (< 6 months) but over time (a year and more) (Taylor 1999: 76; de Haas 2003: 379). Overall, remittances are likely to have a stronger beneficial impact in areas with high capital risks and constraints; where such risks are few, the indirect effects of migration on households is likely to be minimal, which thus will reduce incentives to migrate (Taylor 1999: 69). In essence, NELM then proposes that to understand the developmental impacts of remittances on a household and community level, one need not to study merely how remittances are spent but how they affect the propensity to invest (Taylor 1999: 74).

NELM has a lot of things in common with *livelihood approaches* developed by geographers in the 1970s and 1980s. In essence, migration could be understood as a household livelihood strategy. There are five different assets (or capitals) that people can draw on in order to improve their livelihood: natural, human, social, physical and financial (Carney 1998). A livelihood strategy is the choice to draw on a combination of any of these by the household in order to diversify, strengthen, or solidify household income. Migration can then be seen as one of these capitals or strategies which allow the household to withstand shocks and crises.

Finally, there is also the coinciding trend of what Castles and Miller (2009) have termed the "transnational turn", and which de Haas (2010) argues is a final crucial key to understanding the M&D relationship. The rise of transnationalism is linked to the development of new technologies (such as the Internet, cell phones and international banking systems) as well as the rise of new and cheaper ways of transportation (especially the rise of budget airlines) which allow for migrants to a much larger extent to remain in contact with and foster transnational links with their home communities. In essence, this has meant that traditionally clear-cut dichotomies such as sending versus origin country and temporary versus permanent migrant, are becoming less and less relevant (de Haas 2008: 38). Whereas traditional migration theory typically has assumed that migrant involvement in the home country has declined over time, transnationalists argue that this is not necessarily true. In reality, transnational networks tend to be sustained over long periods of time, not the least through various diaspora groups such as hometown or village associations. Such organizations have been the subject of increasing interest in recent years, and they are often heralded as an excellent way of channeling migrants' remittances into projects that benefit entire communities. Empirical studies to back up such optimism are relatively scarce, however, especially outside of Latin America (Castles and Miller 2009: 61).

3 The case of Algeria

3.1 A brief overview of the historical, political and economic context

3.1.1 Algerian emigration c. 1900 – 2000

Algeria has been a major emigration country for over a hundred years, and the Algeria-France migration corridor remains one of the most important in the Western hemisphere still today (World Bank 2011a). The Algerian emigration to France must be understood in the light of the country's colonial history. Unlike Morocco and Tunisia, which both were considered protectorates, Algeria was a full-fledged colony between 1830 and 1962. In theory, this meant that there was a free circulation of persons, goods, capital and so on between France and the colony. In reality, however, the circulation of Algerians to France was severely restricted by different decrees. The number of Algerians in France thus remained fairly limited, and in 1912, they were estimated at around 4 000 people (Stora 1992: 13). More than half of these were Berbers from Kabylie, a mountainous and densely populated region in the North East that covers only a fraction of Algeria's vast surface but is home to about fifteen percent of the country's population (cf. map in Appendix A). These early Algerian labor migrants were mostly employed in for example oil refineries and in the soap and metal industries (Stora 1992: 13).

The outbreak of World War I would mark a turning point in the labor migration between the two countries. Nearly 80 000 Algerian laborers were recruited to French industries, mines and factories in order to replace indigenous workers that had been called into the war (Stora 1992: 14). After the war had ended, migration continued to be driven by a large demand for labor in France and was spurred also by a series of consecutive bad harvests in Algeria. Both the French authorities in Metropolitan France as well as the colons in Algeria wished to restrain Algerian emigration to France in the inter-war years in favor of a labor immigration from other European countries. Due to a large demand in the industries coupled with hardships in rural Algeria, migration however persisted. As a result, the number of Algerians in France rose steadily, and in 1932 they were estimated at 100 000 (Stora 1992: 16, 17). When emigration resumed after World War II, it did so with unprecedented magnitude, and in 1954 France counted some 300,000 Algerians (Stora 1992: 38). The outflow of Algerians to France remained important all throughout the 20th century, but gained real magnitude in the post-war reconstruction period as a result of bilateral agreements (Messina 2007: 27). Labor migration schemes were put to a halt in the mid-1970s, but migration was sustained in large part due to family reunifications. In the early 2000s, the number of Algerians in France was estimated at close to one million (Di Bartolomeo et al. 2010: 2).

In terms of theoretically explaining Algerian emigration, almost all historians and geographers working on the issue use the push and pull factor argument (that is, that pull factors such as high wages and plenty of jobs in France combine with push factors, such as poverty and a demographic explosion in Algeria) (cf. Bisson 1985, Stora 1992). Migration specialists often consider the push and pull factor argument too simplistic, however, in that it primarily explains migration merely in economic and agency related terms (Castles and Miller 2009: 22), and often explain this migration in terms of segmented labor market theory (that is, the fact that mature industrialized economies have a built-in demand for cheap labor, which cannot normally be found within the own country) and social capital theory (that is, the role of early migrants in facilitating for others to join them through transnational networks)[1].

Political instability and turmoil in the 1980s, and eventually the outbreak of civil war in 1992 as a result of the army's decision to overthrow the democratically elected Front Islamique du Salut, a conservative Islamist party, initiated a second emigration wave from Algeria made up primarily of intellectuals and white collar workers. This second wave also included a diversification of the new host countries; rather than settling almost exclusively in France, second wave Algerian migrants also settled in Canada, Spain, Italy and elsewhere in the OECD (Khandriche et al. 2000: 12). Currently, a total of 1.2 million Algerians (3.4% of the total population) live overseas, 85% of which live in France (Di Bartolomeo et al. 2010). Despite changing migration patterns, evidence suggests Kabyles still are overrepresented among Algerian migrant; at the turn of the millennium, over 50% of Algerian immigrants in France were of Kabyle origin (Achir 2010: 11).

Using data from host countries (in the OECD), Latreche (2006) shows the different sectors in which North African and Middle Eastern migrants are employed (cf. Fig. 3.1.2 below). As is evident from this graph, despite the diversification of Algerian migration in the past decades, a vast majority of migrants still only hold unskilled or semi-skilled positions; categories 5 through 9, which together account for more than 60% of migrants, are made up of such professions as service personnel, sales persons, agricultural workers and industrial workers. Only 20% (the first three categories) hold positions that are qualified as high-skilled, although this figure is much higher (around 50%) in the "new" destination countries such as Canada (Latreche 2006: 16).

[1] For a more detailed outline of these theories on international migration and they way they have been used to explain different phases of European immigration, see Messina 2009 and Massey et al. 2009.

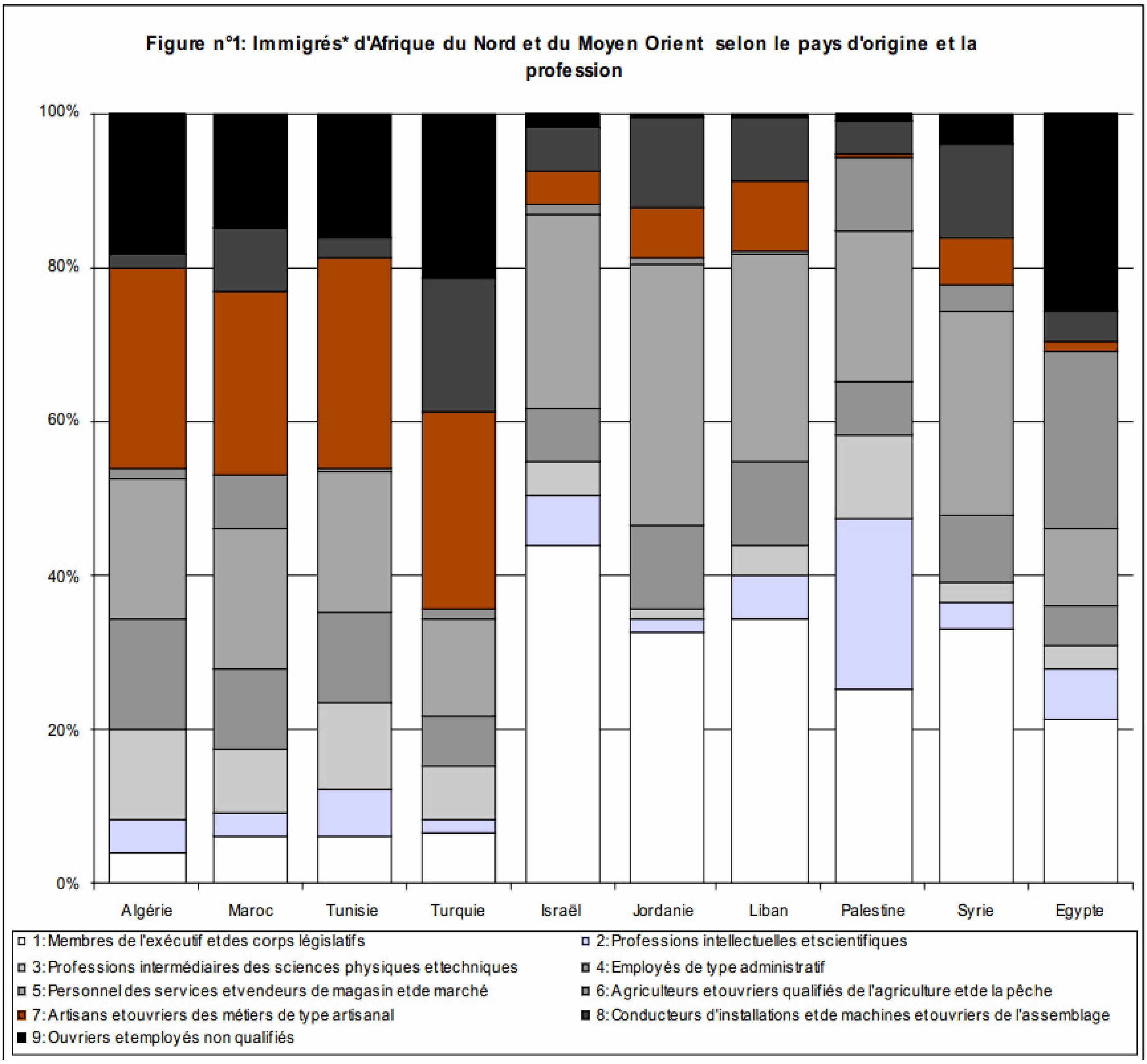

Fig. 3.1.2 The professions held by immigrants from the MENA region in the OECD (Latreche 2006)

3.1.2 Contemporary development challenges

The civil war officially ended in 2002, and Algeria has since stabilized, both economically and socially. Hydrocarbons (petroleum and natural gas) are the backbone of the economy, and account for roughly 60% of budget revenues, 30% of GDP and 95% of foreign exchange earnings (Bennafla et al. 2010: 119). The macroeconomic indicators are good: the country has a GDP per capita of $7,200 making Algeria a solid middle-income country, external debt is extremely low at less than 2%, and the country has a $173 billion foreign exchange reserve. The petrodollars have done little to improve the lot of the bulk of the population, however, and the situation is especially difficult in rural areas, which still are home to some 35% of the population. Massive investments in Soviet-style agricultural modernization programs have yielded insignificant results (Bennafla et al. 2010: 121), youth unemployment touches nearly one in two youths, 23% of the population live beneath the poverty line (compared to 15% in neighboring Morocco) and roughly 30% of the population is illiterate (Algeria 2012 in

Encyclopaedica Britannica). The economy is characterized by a very large informal market, and also by heavy state subsidies on certain consumption goods such as flour, oil, gas and medicines (Bennafla et al. 2010: 95). In 2011, Algeria ranked 96 out of 187 countries on the Human Development Index with a HDI level of 0.698, putting it ahead of Morocco (130th place) and on a comparable level to countries such as Sri Lanka and Jordan. Politically, the country is a military regime in the hands of Abdelaziz Bouteflika, in power since 1999. Political and civil liberties are highly restrained, corruption plagues both business and public sectors, the state of emergency is still in place and the bureaucracy remains excessive and inefficient (Freedom House 2011; Bennafla et al. 2010: 121).

3.2 General remittance trends

Table 4.1.1: Migration, remittances, FDI and ODA in the Maghreb (source: World Bank 2011a)

	Migrants abroad (percentage of total population)	**Official annual remittance flows** (billion US dollars)	**Annual average official remittance flow per migrant** (US dollars)	**Remittances as share of GDP**	**Annual FDI** (billion US dollars)	**Annual ODA** (billion US dollars)
Algeria	1.2 million (3.4 %)	2	1 667	1.3 %	2.3	0.3
Morocco	3 million (9 %)	6.4	2 133	8 %	2.5	1.2
Tunisia	650,000 (6.3 %)	1.9	2 923	4.7 %	2.6	0.5

A few things stand out when it comes to the flow of remittances to Algeria. First of all, as can be seen from Table 4.1.1, official remittance flows to Algeria are relatively low compared to for example remittance flows to Morocco or Tunisia. According to the latest World Bank statistics which are based on official Balance of Payment records form the Algerian Central Bank, official remittances to Algeria average 1 667 US dollars (a figure that has been more or less stable for the past ten years) per migrant and year, compared to some 2133 US dollars to Morocco and 2923 US dollars to Tunisia. The fact that Algerians remit less per capita than Moroccans and Tunisians is supported also by a micro-level study carried out among migrants in France by Miotti et al. (2010: 4).

A number of plausible explanations for this can be found. First of all, unlike Morocco and Tunisia, Algeria possesses important natural resources in the form of petroleum and natural gas. This means that the Algerian state budget in no way is dependent on remittances, and as a result, the Algerian government has done very little to create incentives for its migrants to remit (Labdelaoui 2009: 25). Morocco and Tunisia have both gone to great lengths to both cultivate and engage (cf. Gamlen 2008) its diasporas through for example the establishment of national banks in major migration receiving countries, favorable interest rates for migrants wishing to invest at home and so on, but although the Algerian discourse has accorded an increasingly important place to the implication of migrants and their resources in the development of Algeria in recent years, this has not translated into a coherent diaspora engagement policy (Labdelaoui 2009: 25).

Secondly, an important characteristic of Algerian remittances is the relative importance of the informal channels of transfers. A recent study among North African migrants to Spain (Instituto Nacional de Estadística 2007) showed that over half of Algerians chose informal channels to remit back home. This stands in stark contrast to for example Morocco, as 70% of the Moroccan respondents stated that they remit through official channels. The preponderance of informal channels in Algeria is probably due to a lack of development of and a mistrust in official channels, the Algerian banking system being much less developed than for example the Moroccan one.

Third, it also seems as though Algerians make transfers in kind to a much larger extent than do for example Moroccans and Tunisians (European Commission 2007; Khandriche et al. 2010: 70ff). One of the few diaspora engagement policies implemented by Algeria has been exempting the imports of certain goods such as cars by Algerian migrants of taxes, which presumably explains why Algerians often remit in kind instead of in cash (Khandriche et al. 2000: 73).

Fourth and last, however, informal transfers and transfers in kind notwithstanding, there seems to also be something of a disinterest among Algerians in general to remit that is not found among for example among Moroccans or Tunisians. The Encuesta Nacional de Inmigrantes (Instituto Nacional de Estadística 2007) for example found that only 30% of Algerian migrants living in Spain remit regularly, whereas the corresponding figure for Moroccans is something like 40% and for Tunisians well over 50%. Similarly, in their survey, Khandriche et al. (2000) found that over 50% of Algerians in France do not remit at all, and Miotti et al. (2010: 11) found that whereas Tunisians and Moroccans remit regularly throughout the year, Algerians tend to remit only occasionally for example during religious holidays or in the event of a wedding or funeral.

3.3 The spending purposes of remittances

Not surprisingly, micro-level data on remittance spending in Algeria is scarce. This section will give a brief overview of the results of two main surveys that have been carried out in recent years: the MIREM (Migration de Retour des Emigrants Maghrébins) survey (European Commission 2007), and the M20 survey (Miotti et al. 2010) among Algerians in France.

The population of the MIREM survey are exclusively return migrants, that is, some 330 migrants that have spent time abroad but who lived in Algeria at the time of the survey. It is unclear exactly how this biases results, but if anything, one would assume that return migrants would have a greater propensity to invest in economic projects than others (cf. Miotti et al. 2010: 15). As can be seen from Fig. 4.2.1 below, the MIREM survey shows that remittances are above all used in order to meet basic family needs, however – roughly half of the respondents said that this is the primary use of remittances. A fair amount of money is also spent on the buying and/or construction of a house (23%), schooling for children (13%) and investment in economic projects (8%) (European Commission 2007).

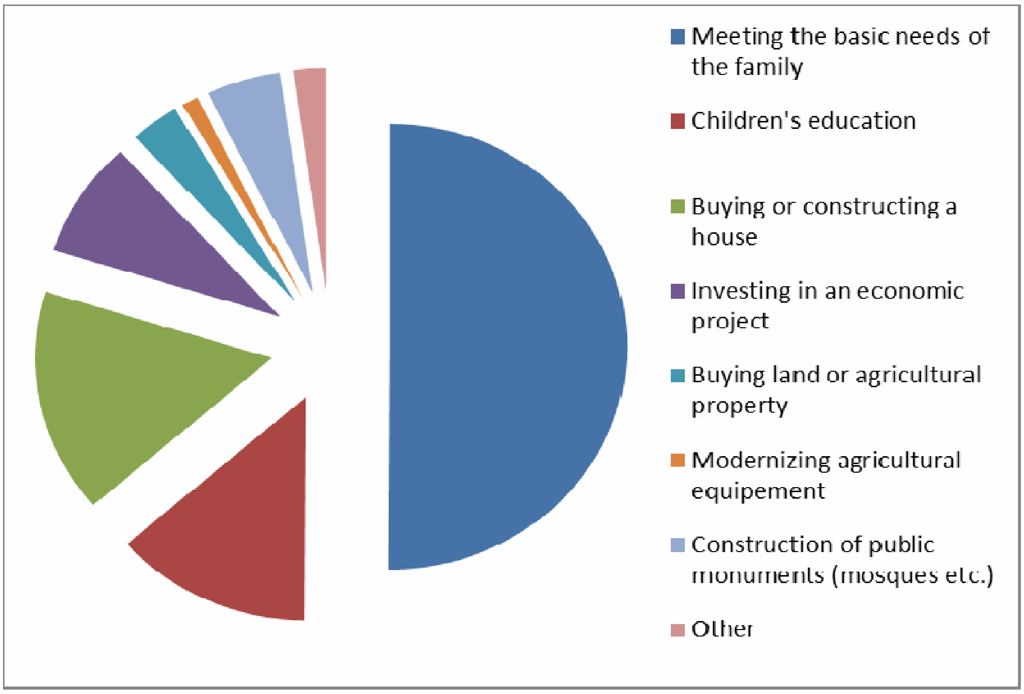

Figure 4.2.1 "How do you spend remittances received?" (European Commission 2007)

Secondly, there is also the 2MO (Miotti-Mouhoud-Oudinet) survey, carried out by Miotti et al. (2010). The population of this survey is made up of 196 Algerians that were interviewed as they were waiting in line to remit through the Postal Bank (La Banque Postale, an official partner of Western Union). The sample is therefore biased in the sense that it does not include people that remit through any other channels. This bias is however not discussed by Miotti et al., who do not attempt discuss how their population relates to the population of Algerian migrants in France as a whole. The results are seem to generally mirror those from the MIREM survey, however, with the exception that the respondents in the M2O survey seem somewhat more likely to remit in order to construct/buy a house and also in order to invest in economic projects. One explanation for this may be that it is primarily well established migrants whose families in the home countries already have met their basic needs that remit through official channels like Western Union whereas migrants from poorer backgrounds, where remittances are more likely to used primarily to ensure the survival of the family, are more likely to remit through informal channels which are significantly cheaper (cf. Freund and Spataforma 2005: 4).

3.4 Remittances and development in Algeria: a developmentalist perspective

In the following section, we will attempt to look at the impacts of remittances on a number of different levels, based on the different data that is available: household poverty reduction, remittances and inequality, community development projects, remittances and income-generating projects at a local level, and finally remittances and macro level development.

3.4.1 The impacts of remittances on poverty reduction: the case of Lower Kabylie

In a study that is one of the few studies on the impacts of remittances on a household level to ever have been carried out in Algeria, Benallaoua (2009) asks a number of questions concerning the life and livelihood of the household, such as health, education, food expenses, income and financial capital. It was carried out in 2007 among a number of households in Lower Kabylie, which is a region of significant emigration. The study found that remittances have an important poverty-reducing impact: only 5.4% of remittance-receiving households were found living below the poverty line, whereas the corresponding figure for households that did not receive remittances was at 17.8% (Benallaoua 2009: 203). All in all, upon performing a multiple regression analysis, Benallaoua (2009: 210) further found that all things being equal, remittance-receiving household had a 7.2% less chance of living beneath the poverty line than non-remittance receiving households. Knowing that around 20% of households in Kabylie receive remittances, the overall poverty-reducing impact of remittances in this region should therefore not be underestimated. Benallaoua's findings are in line with similar studies that have been carried out in e.g. Morocco (de Haas 2003) and Mexico (Duryea et al. 2005).

3.4.2 Remittances and micro level inequality

One way of assessing whether migration and remittances contribute to a more equal income distribution is to compare the education level of migrants to that of the national population (Kapur 2004: 11). The MERIM (2007) survey is the only survey that gives an indication as to the education level of emigrants: 73% of respondents had at least finished primary school or more. National data for 2011 suggest that Algeria as a whole has a 96% primary school completion rate (World Bank 2011b). These figures are likely to be exaggerated (cf. Bennafla et al. 2010: 54ff), but there has probably still been a significant improvement in terms of primary school enrollment and completion in the past decades. If we instead look at primary school completion rates in Algeria in the 1960s through the 1980s, which is when a majority of emigrants left, we find a primary school completion rate that fluctuates between 65% and 78% for men (who are overrepresented both as migrants and in the survey). Although it is difficult to come to a definite conclusion based only on these figures, this seems to at least indicate that there was little selectivity in terms of human capital at least among first wave migrants. Older writings, such as Stora (1992) and Sayad (1977) both seem to confirm that this; essentially, anybody who was willing and who had the approval of his family could go (Sayad 1977: 61). As a result, it would perhaps be fair to assume that remittances have not necessarily lead to increasing income disparities in migrant sending communities. The second wave, however, was made up more of urban dwellers, intellectuals and white collar workers, and so was arguably more selective in nature.

3.4.3 The impacts of remittances on a community level: the case of village treasuries and community development in Upper Kabylie

In a study on the impacts of remittances on local development in Upper Kabylie, Achir (2010) discusses how migration and remittances impacts not just on local households but also the wider community. He takes as his starting point the somewhat anecdotal idea that the Algerian migrant is a true "developer", someone that remains emotionally and financially invested in his home country long after he has left (cf. also Sayad 1977). With this in mind, Achir seeks to investigate to what extent Algerian remittances have contributed to the creation of micro finance institutions and income generating projects more generally in the Wilaya (district) of Tizi-Ouzou in Upper Kabylie. He finds that an important part of remittances to Tizi-Ouzou actually go directly to so-called "caisses de village", or village treasuries. The village treasury is an ancient institution that typically is responsible for common village development projects. In a study of the village of Achalam, the village had been able to buy a mini bus to help with transportation, develop sanitation programs and green areas thanks to remittances from abroad that were channeled directly to the village treasury.

3.4.4 Remittances in the form of productive investments: the Algerian state and attracting migrants' investments

Also on the issue of the impacts of remittances on a community level, the Algerian National Agency for the Development of Investments (ANDI, Agence National pour le Développement des Investissements) has been trying actively to get Algerians abroad to invest in small-scale income-generating projects at home for at least the past decade or so, as has the National Agency for the Employment of Youth (ANSEJ, Agence National pour le Soutien à l'Emploi de Jeunes) (Labdelaoui 2009: 18), for example through a project called "Home, sweet home", which would give Algerians residing abroad the same benefits as foreign investors in the country. In reality, however, very little has resulted from these efforts. The websites of both agencies are currently under construction (May 2012), and I have therefore not been able to access any recent statistics on the number of creation of projects by migrants. In the period 2002 to 2006, however, the ANDI only registered 15 different investment projects undertaken by Algerian migrants, resulting in the creation of a total of 952 employment opportunities. Similarly, between 1995 and 2006, the ANSEJ supported only 98 different entrepreneurs (that is, Algerian migrants wishing to create an enterprise in their country of origin) (ANSEJ 2007 and ANDI 2007 in Labdelaoui 2009: 19). A slight increasing trend in the number of projects created was observed towards the middle of the 2000s, and it is of course possible, perhaps likely even, that some Algerian migrants would and do launch projects without necessarily soliciting the help of the ANSEJ or the ANDI. Nevertheless, it still remains clear that only a fraction of the some 1.2 million Algerians residing abroad are at all interested in investing in income-generating projects in the country of origin. One can only speculate into as why this is so, but the long period of political and economic instability that reigned in the 1990s and early 2000s most likely plays an important role. In their survey, which was carried out in 2000 while the civil war was still raging, Khandriche et al. (2000: 119) found that only 40% of respondents had some sense of optimism regarding the economic future of Algeria, a fact which they associated with the low propensity to invest. Although the political and economic situation has since improved considerably in Algeria, some evidence would suggest there is still a certain reticence, perhaps fear even, among Algerians residing abroad at the thought of associating themselves with economic projects in their home country (AMSED 2012). The MIREM survey (European Commission 2007) suggests that administrative constraints, lack of motivation and lack of experience also keep Algerians from investing in Algeria. Finally, the absence of local institutions that can gather these investments and make them available to local producers also appears to be a hinder, as migrants are unlikely to be able to perform the roles of workers, savers, investors and producers simultaneously (cf. Massey et al. 2009: 260).

3.4.5 The macro level: a feeble weight of remittances compared to petrodollars

As has already been mentioned, remittances make up only a small percentage of Algerian GDP, only 1.3% in 2011 (compared to 11% in Morocco, for example) (World Bank 2011b). Similarly, the ratio of remittances to exports is very low in Algeria – 2 billion to 78.5 billion. Overall, then, remittances are far from making up the 5% - 10% of domestic economic activity, which Massey et al. (2009: 230) suggested as a yardstick for measuring whether remittances are important for macro level economic development or not. Knowing that overall macroeconomic indicators, such as foreign exchange savings and foreign debt, are very good in Algeria, it seems as though remittances currently play a very marginal role in the macro-level development of the country.

If we look at income distribution at a national level, we know that a majority of emigrants come from the coastal areas, and Kabylie in particular, from which more than 50% of migrants are reported to come and where up to 20% of households have a migrant abroad but which only is home to 15% of Algeria's population (Achir 2010). Algerians from the inland have migrated to a much lesser extent, and as a result, migration is likely to have contributed to exasperating inequalities between coastal and inland Algeria to the detriment of the interior. On the note of equality, the fact that over 50% of Algerian emigrants stem from a region, Kabylie, which is home to only 15% of the total population raises implies that the micro-level impacts are quite uneven across the country. In Kabylie, it is likely that both poverty reduction and income distribution have benefited from overseas migration, both directly to those households that have members abroad but also indirectly through multiplier effects in the local communities. In inland areas, such as the desert provinces of Ghardaïa or Timimoun, the impacts of migration are likely to be much less significant simply because very few people migrate (cf. Benallaoua 2010). Coincidentally, the incidence of poverty is much higher in these regions than in Kabylie (ONS 2011), but it is of course difficult to draw any direct causal links with remittances.

A more interesting question is perhaps to ask what would happen should Algeria's natural resources start to dry up or should there be a sudden decline in world market prices – although only God knows which one is more likely to come first! It is neither possible nor desirable to try to predict the future, of course, but knowing that Algeria has virtually no other sources of foreign income (no tourism, no other industries) except hydrocarbons, it is clear that the economy is highly vulnerable it still seems relevant to analyze the future potential of harnessing remittances at a macro level in current Algeria.

First, and as we have already concluded, Algerian diaspora engagement policies – that is, policies aimed at harnessing the potential of remittances e.g. for investment purposes – are piecemeal, underdeveloped and largely inefficient (see Labdelaoui 2009 for an excellent review of the different phases of Algerian policies vis-à-vis residents residing abroad). The discourse, on the other hand, shows that there is at least a basic awareness and will among leaders to actually benefit to a larger extent from remittances. The discourse rests on two pillars: on the one hand the responsibility of the state towards its citizens residing abroad and on the other, the need for the skills and resources of these members to be put to use for the development of Algeria. All of this was eloquently resumed by president Bouteflika in a speech in 2004 in which he affirmed both the duty of the Algerian state towards its citizens residing abroad and the duty of these citizens of helping the mother country (Ministère des Affaires Etrangères 2004). In practice, this will has translated into a number of decrees and laws have been put into place, notably a number of reforms aimed at encouraging emigrants' investments in Algeria such as the "Home sweet home" project briefly discussed above. For as long as little is done in terms of greater social, institutional, economic and political reforms (cf. recent developments post-Arab spring in for example Morocco), the mere introducing of a couple of schemes designed to encourage investments by emigrants is unlikely to contribute to a better harnessing of the potential of remittances for the development of Algeria. Remittances are not a panacea for development but require sound institutions and well-developed overall economic and social development policies in order to become a leverage for development (Massey et al. 2009: 273). Unfortunately, such policies are conspicuously lacking in Algeria (Bennafla et al. 2010: 119).

3.5 Remittances and development in Algeria revisited: insights from de Haas' "critical" framework?

Before attempting to see if de Haas' critical perspective can shed light on things that do not necessarily appear from the angle of the developmentalist view, a few things need to be said about the methodological problems in applying this framework on the Algerian case. In reality, de Haas' framework incorporates not just a criticism of the dominant developmentalist paradigm but also of the research design and methodology with which this paradigm typically sets out to investigate the M&D relationship. Taylor (1999), de Haas (2010) and other proponents of a household centered approach to the impact of remittances argue that the types of micro-data studies outlined above have a very limited value in terms of explaining the developmental outcomes of remittances. This is because they do not take into account the fungible nature of remittances, that is to say, they assume that remittances is a sum of money that can be earmarked for a certain purpose, whereas in reality this is of course hardly ever the case. Thus, when the MIREM survey finds that 8% of remittances are spent on productive investments, one could argue from a critical perspective would that it could very well be more (or less), because in reality remittances add to the larger pool of income sources, thereby potentially freeing up more money to be invested productively. This may not be recognized neither by the respondent of the survey on remittance spending nor by the person designing or carrying out the survey, and so 8% becomes just an arbitrary figure that has very little meaning. Due to a lack lack of appropriate data, it is therefore very difficult to say anything about whether Algerian emigration is a deliberate household decision in order not just to maximize income but also to minimize risk, as is assumed under the "critical/pluralist" perspective. On a more general (speculative, perhaps) level, the fact that Algerian migration has to a large extent been driven by a 'developmentalist' spirit and a readiness to make huge sacrifices for the *bled* or the *thamourth*[2] (Sayad 1977: 60), it does not seem unlikely that migration has indeed often been a deliberate choice to diversify income so as to be able to invest. On the other hand, we have however also seen how the institutional and economic settings are far from conducive to investments, primarily due to high levels of corruption and excessive bureaucracy.

With that said, the second "constituent" or point of entry of de Haas' critical perspective is that of transnationalism and the role of transnationalist networks and diaspora organizations in channeling remittances raises some interesting ideas in the case of Algeria.
On the one hand, Miotti et al. (2010) found that remittances remain high over time and that Algerian emigrants have remained highly attached to their home countries over time; indeed, those that arrived before 1990 remit twice as much as those that arrived after. However, in the case of Algeria the sustained migration involvement seems to have happened largely in the absence of hometown or diaspora organizations. Few, if any, thorough studies of the role of Algerian HTAs or other types of diaspora organizations in terms of channeling remittances to common, income generating or public-benefit projects exist. Based on data from the OSIM, a national umbrella organization for migrants' development associations in France, Lacroix (2008) does however suggest that the number of Algerian HTAs involved in development is far smaller than for example is the case in Morocco, although he does not speculate into why this is so. Bar a few exceptions, such as the HTA of the village of Achallam which is brought up by Achir (2010), Algerian HTAs in Europe thus seem mostly concerned with helping migrants abroad, preserving traditions and language or serving as match-making agencies (Sayad 1977: 79). However, there are some signs this may may be changing; the successful Moroccan HTA Migrations et Développement has for example also begun supporting local

[2] Arab and Kabyle (Berber) words used to designate the homeland.

development projects initiated by Algerian migrants, and the migration-and-development projects of the French-Algerian NGO AMSED (Association Migration, Solidarité et Echanges pour le Développement) also stands out as a positive example in the field of encouraging Algerian migrants involvement in community development projects such as the creation of two cheese factories and an internet cafe (Migrations et Développement 2012; AMSED 2012). In absolute terms, the impact of these types of initiatives remains marginal, however; unlike what is commonly observed in other cases, Algerian remittances seem to remain much more of an individual than a collective project.

3.6 The developmentalist and "critical" perspectives evaluated

From a developmentalist perspective, it appears to be evident that remittances have had a positive micro-level impact on Algerian development, whether in terms of poverty reduction, improved village infrastructures and so on. Put simply, this perspective holds that remittances have a beneficial impact regardless of how they are spent, and so it does not really matter that much that nearly half of remittances are spent to meet the basic needs of the family or that migrants only invest in income-generating projects to a very limited extent, since mere consumption is assumed to be constructive to development in a broad sense of the word. At the macro level, the developmentalist perspective does not seem to have that much to say, on the other hand, simply because Algeria arguably is a quite atypical remittance receiving country in the sense that the national budget is not at all dependent on remittances.

The application of a more critical perspective, on the other hand, is more difficult for lack of appropriate data. Still, it is perhaps likely that Algerian migration has to at least some extent been motivated by a will to overcome structural constraints to investment and credit. However, the economic and institutional framework in Algeria is currently not conducive to productive investments, which could hamper such investments even if remittances allow for them to be made. More data is needed in order to get a clearer view of this, however. As far as transnationalism is concerned, we noted that transnational bonds between Algerians emigrants and their home country stay strong over time. However, diaspora organizations, HTAs and the like play a surprisingly little role when it comes to fostering these bonds and compiling remittances for joint projects.

In sum, while shedding some light on the M&D nexus in Algeria, both perspectives have weaknesses. We noticed for example that a large part of remittances through Algeria are informal or in kind, but neither of the perspectives explicitly deal with these kinds of transfers. Informal remittances can perhaps be assumed to have similar effects on a household and community level as those sent through formal channels, but we know little about the impacts of transfers in kind. Secondly, when it comes to exploring the links between the micro and macro level impacts of remittances, the case of Algeria is arguably unique in the sense that unlike many (if not most) other emigration countries, the country is in no way dependent on remittances at a macro level, while there is ample room for remittances to have a beneficial impact on the macro-level. Yet neither the developmentalist framework nor the pluralist one deal sufficiently with the specific ways macro and micro levels affect each other. Finally, and although this perhaps goes beyond the scope of this paper, one could question the relevance of any framework that only deals with remittances and not with the losses related to migration; remittances clearly do not compensate for brain drain (cf. Kapur 2004: 9), and one could therefore argue that a study of remittances is not at all valid without taking into account also the capital loss associated with the migration.

4 Summarizing conclusions

This thesis started out by tracing the history of Algerian emigration, which is over a century old. Up until the 1990s, Algerian emigration was almost exclusively directed to France, but it has since then come to include new receiving countries such as Italy, Spain and Canada. Currently, some 1.2 million out of 36 million Algerians live outside the national territory, 85% of which have settled in France. A brief review of the contemporary development challenges in Algeria found that these include high unemployment rates, failed rural development policies, excessive administration and a lack of coherent policies for social, economic and institutional reforms. Currently, nearly a quarter of the population live beneath the poverty line. In short, the abundance of petrodollars has not contributed to bringing about veritable development for Algeria's poor.

We then moved on to look at general remittance trends, and found that the average Algerian migrant remits roughly 1 700 US dollars a year, which is significantly less than for example Moroccans and Tunisians. Algerians also remit on a less frequent basis, and up to 50% of Algerians do not remit at all. Informal remittance flows are on the other hand large, however, perhaps up to 50% of official flows, and Algerians also tend to remit in kind to a larger extent than other North Africans. One micro-level study, the MIREM (European Commission 2007) survey found that on the receiving end, roughly half of remittances are spent in order to meet basic needs of the family, whereas smaller proportions are spent on investments in housing, children's education and investments in economic projects. Another study, the M2O (2010), largely confirmed these findings, with the addition that older migrants tend to spend somewhat more on investments in housing and income generating projects.

When it comes to evaluating the developmental impacts of these remittances, this thesis employed two different analytical-theoretical frameworks. The developmentalist framework, first, allowed us to see that remittances do have important micro-economic impacts. A study by Benallaoua (2010) confirmed that only 5.4% of remittance receiving households in Lower Kabylie live beneath the poverty threshold, whereas the corresponding figure for non-remittance receiving households is 17%. We also saw that emigration, at least in its early stages, was less selective than is often assumed, and as a result Algerian emigration can be assumed to not have exasperated income inequalities as much as it has perhaps done elsewhere. On a community level, we found that despite some efforts by the Algerian state to get migrants to invest in small-scale projects, little seems to have been accomplished. Even if accounting for the fact that migrants can, and do, start projects without necessarily soliciting government aid and that these projects therefore are unrecorded, the economic and institutional environment in Algeria is hardly suited for productive investments. On a macro level, finally, we found that remittances have little direct effect, largely due to the fact that the Algerian economy benefits from the inflow of large amounts of petrodollars. It was also said that on a national level, remittances are likely to have exasperated inequalities between regions as a result of the fact that most migrants stem from the coastal region of Kabylie, whereas the population of the interior is much less mobile.

As far as the second framework is concerned, that is, the more "critical" one employed by de Haas, results are a bit less clear. We noted first that the type of surveys that have been carried out on Algeria are not very well suited for evaluating role of remittances in terms of overcoming structural constraints (e.g. the lack of access to credit) so as to allow households to make productive investments, which is one of the main preoccupations of de Haas' framework. More importantly, however, this perspective did shed some light on the importance of transnationalism in fostering and gathering remittances for community development projects. Unlike in many other countries, Algerian diaspora organizations or hometown organizations (HTAs) seem to play a relatively limited role in this process, however.

Both this perspective and the developmentalist one were found lacking in several respects. They do for example not deal explicitly with informal transfers or transfers in kind, and they also do not sufficiently explain the links between micro and macro level impacts of remittances. In the absence of extensive, good quality data we can still conclude that remittances do contribute to improving the lives of many, many Algerians, however, but for as long as institutional, economic and social reforms are absent, the full potential of remittances as a leverage for development is unlikely to be fulfilled. Money is largely available in Algeria, unlike in many other developing countries, but it has failed to set in motion a dynamic of local, rural development. In light of this, the potential of remittances to contributing to productive and income-generating projects at a local level, as stipulated by NELM and household livelihoods approaches, seems particularly interesting and worthy of further studies. This paper therefore concludes on the same note as it started: above all, this study has shown that there is a need for more and better data concerning primarily the micro level impacts of remittances on the development of Algeria. The type of extensive household surveys proposed by new economics of labor migration do seem like a good way of going about this.

In some respects, the findings from Algeria mirror those from neighboring countries as well as those in other regions of the world. In a study of southern oases in Morocco, de Haas (2003) for example also found that migration has important poverty micro-level impacts on the sending regions. Unlike Algeria, Morocco is however highly dependent on remittances at a macro level, which explains why the economic and institutional framework in Morocco is much better equipped to harness the developmental potentials of remittances. Moroccan HTAs are also much more involved in development processes through collective remittance projects than they are in Algeria (Lacroix 2010). Despite its history as a “typical” emigration country, it therefore seems as though Algeria perhaps is quite the unique case in terms of the relationship between remittances and development, after all.

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Appendix A: Map of Algeria and Kabylie (red)

(Source: http://commons.wikimedia.org/wiki/Atlas_of_Algeria)