

CHAPTER 17.

INCORPORATING INSIGHTS FROM MIGRATION RESEARCH INTO POLICY ON REMITTANCES¹

by

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Introduction

Research and policy on remittances engage a variety of economists, public policy specialists, and migration scholars, among others. Maximising the benefits of remittances for development is a formidable task that requires an inter-disciplinary approach. This chapter is intended to highlight the potential of migration studies perspectives to inform policy on remittances and development.

It is useful to distinguish between different types of remittance flows with reference to their migration context. First, there are the classical intra-family transfers that are usually associated with the word remittances: money sent by a migrant worker to relatives in the country of origin. These are essentially gifts, although there may be socially conditioned restrictions or expectations concerning their use. Second, there is what might be called personal investment transfers, either in the form of regular deposits, or in the form of a one-off transfer upon return. In this case, the migrant directly controls the expenditure. Third, there are collective transfers, for instance through a hometown association, usually directed towards a collective beneficiary. Finally, social security transfers in the form of old-age pensions and other benefits are increasingly important. These four types of transfers have different relative importance at various stages of migrants' lives. Their importance also varies between countries of origin, depending on such factors as the dominant forms and destinations of migration, and the maturity of the diaspora. These variations are an important reason why remittances-related policies have to be adapted to individual contexts. This chapter is primarily concerned with intra-family remittances.

1. This chapter is based in part on research funded by the Norwegian Agency for Development Cooperation (Carling, 2004b and 2005).

Migration dynamics and remittance flows

Remittance flows are fundamentally linked to the demographic dynamics of migration and transnational kinship. This is not always adequately considered when remittance behaviour is explained with reference to only economic or cultural factors. The migration context is important to the balance between the different types of remittances outlined above, and to the dynamics of intra-family transfers in particular. Intra-family remittances are often best understood as obligations between family members that are being sustained despite the geographical separation of the family. In countries without an adequate old-age pension system, it is often taken for granted that adult children support their elderly parents. If the children emigrate, they may be in a better position to provide this support, and there is not necessarily any reason why their obligation or commitment to providing it should decline. In this process, support to family members is transformed from statistically invisible intra-household redistribution to international financial flows.

The existence of transnational family ties is a necessity, but not a sufficient precondition for intra-family remittances to be sent. Such family ties are the outcome of migration processes on the one hand and cultural conceptions of the family on the other. While biological facts of kinship are indisputable, the significance of blood relations is highly variable. For instance, migrants' commitment to supporting parents who remain in the country of origin is a near-universal feature of remittance behaviour. The importance of ties with siblings, for instance, is much more dependent on the cultural context.

It will always be the case that some migrants send remittances while others do not. Explanations for this variation can be found partly in transnational family structures and partly in the migrants' individual propensity to send remittances. Figure 19.1 presents a simplified model of this dual approach. In reality, neither sending/receiving remittances nor having transnational family ties are dichotomous variables. The model is an analytical simplification. In the country of destination – the right-hand side of the model – some migrants do not send remittances because they do not have family members in the country of origin ($D_3 - D_2$), while others have family members but chose not to remit to them ($D_2 - D_1$). The proportion of migrants sending remittances can therefore be analytically broken down into the product of two factors: the proportion of people who have relatives in the country of origin, and the proportion of those with relatives who send remittances to them. In mathematical terms, $D_1 / D_3 = D_2 / D_3 \times D_1 / D_2$.

This simple statement can be of use in analysing differences between sub-groups in the propensity to remit. For instance, Sri Lankan and Vietnamese immigrants in Norway both stand out as more frequent remitters than other groups, but for different reasons. In the case of Sri Lankans, a large proportion of people have close relatives in Sri Lanka, and a relatively large proportion of those with relatives send remittances. By contrast, relatively few Vietnamese have close relatives in Vietnam, but virtually all those who have send remittances regularly.²

Similar explanations can be made with reference to remittance receivers in the country of origin (the left hand side of Figure 19.1). In countries with substantial emigration, remittance income can be an important source of socio-economic stratification. If the poorest segments of the population have limited access to emigration opportunities, it

2. Findings from background research for Carling (2004a).

would be expected that the fraction O_2 / O_3 to be lower among the poor. However, it could be that among people with relatives abroad, the poorest are more likely to receive remittances. In other words, the socio-economic variation in O_1 / O_2 could be the opposite of the variation in O_2 / O_3 .³

Analyses of the structure of transnational family ties can also help understand changes in remittance flows over time. When a decline in the flow of remittances between two countries is observed, several explanations are possible: 1) fewer people have family members in the country of origin (a decline in D_2), 2) a smaller proportion of people with family members send remittances (a decline in D_1 / D_2), 3) people who remit send lower amounts. In many cases, the first of these will follow from the demographic maturing of a migrant community. As time passes, more migrants are joined by spouses and children from the country of origin and fewer migrants have parents still alive in the country of origin. The inter-generational contrasts in remittance behaviour also owe much to differences in transnational family structures. While first generation migrants often have parents and siblings that are potential remittance receivers, the second generation is more likely to have cousins and grand-parents as their closest relatives in the country of origin. This absolute difference in family structure is often coupled with differences in the perception of family ties and obligations.

The policy implications of these insights are primarily indirect. Analysing remittances flows in a context of migration and transnational kinship allows for better understanding of the dynamics of inequality and change over time. Demographic analyses with this approach facilitate long term planning and prediction of remittances flows.

Relations between migrants and non-migrants

The sending and receiving remittances should not be seen in isolation from the more comprehensive relations between migrants and non-migrants in the country of origin. This is often an ambivalent and complex relationship – in a surprisingly similar way across cultural contexts.⁴ Non-migrants often relate to emigrants with a combination of gratitude, envy, admiration and sometimes contempt (for not upholding cultural values, or for failing to provide adequate remittances). In many cases, this relationship is heavily influenced by a context of emigration pressure, where many non-migrants want to emigrate but lack the opportunity to do so.⁵

The distance between family members creates conditions of asymmetric information. The remitter cannot directly observe the activities of the recipients and therefore has limited influence on how the remittances affect the behaviour and spending of the receiving household. This can often be a source of tension or conflicts between family members. It is common for migrants to complain that their non-migrant relatives who receive remittances don't appreciate the efforts behind the money and spend it carelessly. Migrants can also be concerned if recipients spend remittances in ways that are invisible to neighbours and relatives, who might wrongfully conclude that no remittances are being

3. Research in progress by the author suggests that this is the case in Cape Verde.

4. See, for instance, Åkesson (2004), Gowricharn (2004), Levitt (2001), McMurray (2001), Oxfeld (1998), Strijp (1997) for research that addresses relations between on migrants and non-migrants.

5. See Carling (2002) for a more thorough discussion.

sent. Non-migrant remittance recipients, on the other hand, can feel powerless and vulnerable if the remittance income is unpredictable.

Relations between emigrants and non-migrant public servants in particular are sometimes strained. Emigrants who wish to build houses or otherwise invest in the country of origin are often frustrated by a bureaucracy that may be inefficient and unprofessional in relation to what they are used to in their countries of employment. Public servants, on the other hand, can perceive the emigrants as arrogant and demanding. In typical contexts of labour emigration, emigrants are poorly educated but relatively wealthy compared to public servants who try to make ends meet with a local salary. This structural context has implications for the interpersonal relations of the public service interface. Migrants' interaction with authorities in the host country is likely to impact upon their perceptions and judgement of the performance of home country authorities. Migrants who wish to invest – individually or through hometown associations – are likely to expect the government to reciprocate their benevolence. If development projects are stranded or delayed because of what is perceived as incompetence or ill-will in the local government, this could have profound impacts on the government's credibility in the diaspora community.

The challenge of making migration and remittances contribute to development cannot be detached from the role of migrants in their society of origin. Successful policy measures directed at emigrants must perform well on two different fronts: on the one hand, the policy initiatives should be perceived as professional, attractive and sincere by emigrants themselves. On the other, they should not be perceived by non-migrants as pampering of an arrogant elite. This could create tensions between migrants and non-migrants that jeopardise potential development benefits of migration. Strategic considerations based on understanding of cultural dynamics and public relations therefore need to be made at early stages of remittances policy formulation.

The pitfalls outlined above have several implications for policy. Policies that target emigrants indirectly deserve special attention because they minimise the possible negative social effects of giving an already privileged group special treatment. Indirect targeting can be based on analyses of the bottlenecks restricting migrants' investment in particular, they can be concentrated geographically in regions of out-migration, or make use of social arenas with heavy emigrant presence, such as the Internet. Indirect targeting usually means a smaller element of social engineering than in policies that attempt to alter the behaviour of specific groups. The difference between policies that address structural elements of the SME investment climate versus policies that specifically attempt to promote entrepreneurship among migrants illustrates this point.

There are also many possible development policy measures that do not target emigrants, but which can have an added impact due to the existing migration and transnational practices (including remittance flows). This applies to public sector reform, particularly as it affects investment. Out-migration from a poor country represents a potential that similarly disadvantaged countries without significant emigration lack. The returns to policies that are commendable in many settings could therefore be greater where out-migration is significant

Long-term diaspora management

The indirect policy measures outlined in the previous section do not preclude simultaneous measures aimed at nationals abroad. As mentioned above, winning the

confidence of emigrants is a key challenge for policy measures relating to remittances and development. This requires not only careful design of specific measures, but a long-term overall strategy of diaspora management. Migration scholars have analysed how home country governments engage in the processes through which the social category of migrant and the notion of a diaspora are embedded with meaning.⁶ For instance, leaders of the Philippines and Mexico have actively sought to discursively construct migrants as national heroes. While this is recognised, interpreted as an instrumental move, and attributed great significance, analyses of discourse are – to the knowledge of the author – absent from policy recommendations in the literature on remittances. National governments must reflect upon how they see the diaspora’s role in national development, and how they can communicate this to diaspora members and to non-migrants at home.

Lowell and de la Garza (2000) write with reference to Latino migration to the United States that “as yesterday’s new arrivals adjust, and as today’s number of new arrivals falls, the combined effect may be that remittances have peaked”. Sending country governments facing this challenge can seek to reverse or delay the fall in remittances by engaging actively with their diaspora. As noted above, recent migrants are likely to have close relatives in the country of origin, whereas their descendants usually have more distant relatives. Contributions from an established diaspora consequently have to be structured in other ways than through close kinship ties. Migrant associations can play a key role here, as they often do among recent migrants as well.

A caveat is in order regarding the role of migrant associations. Hometown associations (HTAs) and migrant associations more generally sometimes constitute vehicles for individual migrants to realise positions of leadership that might otherwise not be available to them. Hometown association leaders who successfully manage projects and mobilise government funds not only contribute to their communities of origin, but also find their leadership reinforced. In societies with a strong element of clientelism, the opportunities organisations offer for individual careers often lead to institutional multiplication – a multitude of small organisations with many leaders and few members. This characteristic of the institutional landscape can in fact discourage the majority of migrants or diaspora members from organising.

Two policy implications arise from the preceding discussion. First, it is necessary to explore alternative ways of reaching and engaging with the diaspora in addition to HTAs and family networks. The Internet represents important opportunities in this respect, especially because many diaspora members are already using ethnically-oriented internet services. Second, good analyses of institutional dynamics should inform engagement with HTAs and other migrant associations.⁷

Conclusion

The challenge of maximising the benefits of remittances requires communication between academics, policy makers and civil society. This publication is an excellent initiative in this respect. However, there is also potential for greater cross-fertilisation between academic disciplines. Economists, anthropologists and political scientists, for

6. The jargon of different disciplines diverges here, but there underlying analysis can have commonalities across disciplines. What is referred to as ‘discursive construction’ and ‘embedding with meaning’ in constructivist social science has clear parallels in marketing and public relations, although under different names.

7. Examples of such analyses include Goldring (1998) and Graça (2000).

instance, approach the study of remittances in highly different ways. This chapter has sought to highlight some of the insights from migration studies that can inform the research of scholars with other background and contribute to the formulation of sound policies.

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Figure 17.1. A model of groups implicated in migration flows

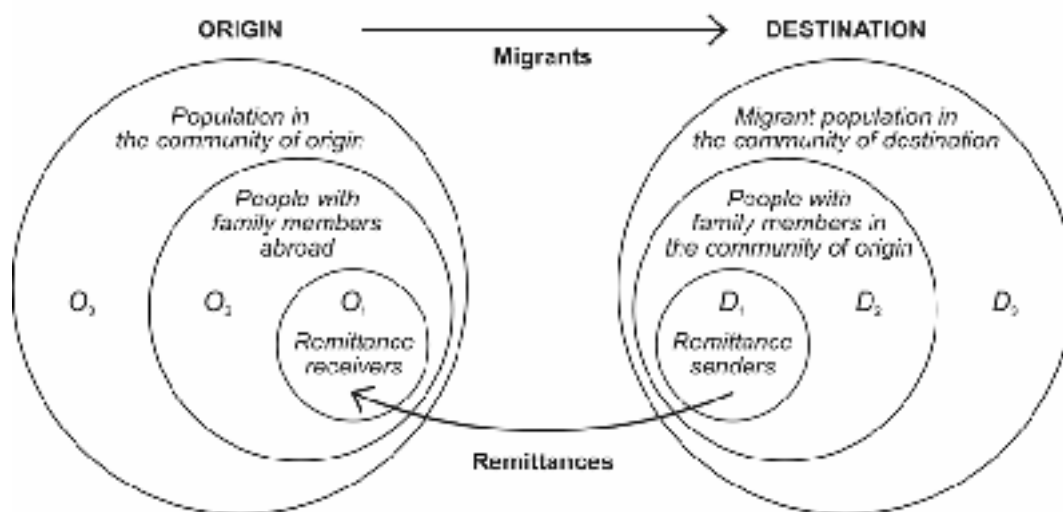


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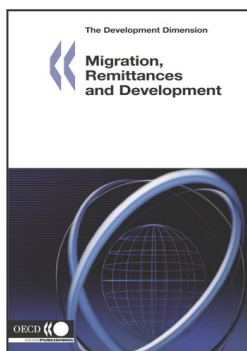
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