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More Than Money

The Social Dynamics of Remittances and Migration

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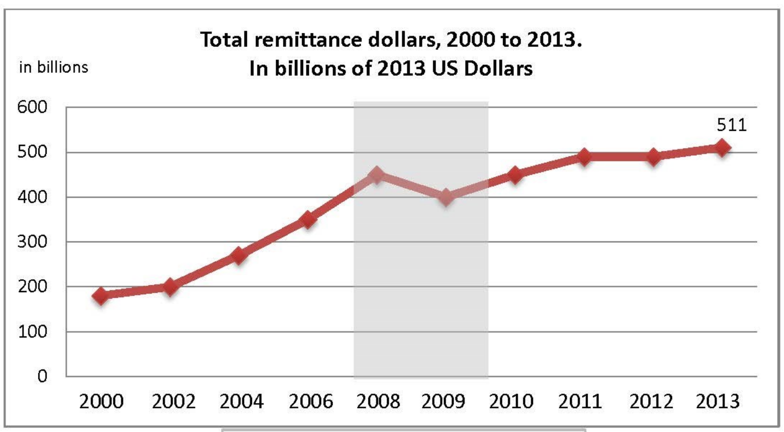
Introduction



Based on 137 countries with data for all years, which account for 93% of remittances in 2013. Shading indicates the U.S. recession
Source: World Bank
PEW RESEARCH CENTER

The developing world was expected to receive $414 billion in migrant remittances for 2013. This is an increase of 6.3% from 2012 despite the $10 billion decrease due to the re-classification of several developing countries as high income countries and the revision of the definition of the term, remittance, in the introduction of the International Monetary Fund Balance of Payments manual.

Currently, remittances far exceed official development assistance and in some areas such as South Asia, are larger than the national foreign exchange reserve. **Globally, projections are expected to reach $550 billion.** (1)

The Flow of Remittances

Remittances, defined as money sent by a migrant to his/her home country, contribute to the economic growth and livelihood of recipient families and communities.

Research shows that remittances are largely spent on debt maintenance, housing, everyday expenses, education and healthcare but various legal and socio-economic reasons affect the flow of remittances. Legal immigration status raises earnings thereby making the transmission of remittances to home countries easier. The frequency of the transmission may decrease over the long term as the migrant integrates into the lifestyle of the receiving country.

There are remittance "life cycles" which vary across countries, culture and economic conditions. Immigrants from India in the United States seem to stop remitting after one generation while Koreans in Japan stop remitting two generations after migration. (2)

As migration increases due to economic crises or social upheavals, growth in remittances is seen. For example, Ecuador's international migration grew significantly in the 1990's when the country experienced an economic crisis. Seventy-five percent of Ecuadorian households now receive remittances totaling approximately $1.5 billion a year. At times, countries discourage mass returns and implement incentives such as protected status extensions, in order to maintain the flow of remittances. (3)

In some cases, education in certain professions is promoted in response to the demand of overseas markets. In the Philippines, the export model not only provided an alternative market for nurses and other health professionals who could not find domestic employment, it also created opportunities to gain revenue from migrant worker remittances. What began as a temporary solution to foreign debt and domestic unemployment in the 1950's and 1960's became an institutional part of the country's economy. [4]

The migrant's educational level may also be a determinant to the flow of remittances. One would expect that as skilled migrants earn more they can afford to send more remittances to families back home. However, it should be considered that some of these migrants tend to come from better-off families with less of a demand for remittances. Moreover, there is a greater ability to bring families to the country where they settle, which produces less of an incentive to remit. [5]

On the other hand, anti-money-laundering provisions have been put in place due to an increase in corruption by money transfer operators and the financing of terrorism. This has posed a barrier to the introduction of new technology in remittance markets and efforts to reduce remittance costs. [1] In some cases, banks have scaled back or ceased services, completely obstructing the flow of remittances in the affected regions. In Somalia, Barclays Bank was prepared to withdraw its services from 250 money service businesses thereby interrupting the financial lifeline of 40% of the Somali population – 3.8 million people. [6]
As of January, 2014, Barclays was encouraged to continue operations due to an injunction prohibiting the closure of the accounts of the largest Somali money transfer operator, Dahabshiil.
Dahabshiil, who sought this injunction for "abuse of market dominance," will continue to bank with Barclays until the trial scheduled for October 2014. [7]

The Influence of Remittances on Migration and Development

Remittances promote access to financial services for the sender and recipient. They suppress the use of informal channels and encourage economic development and growth. However, the impact on societies is more than financial. There are remittances of the social kind.

According to Sociologist, Peggy Levitt, as migrants bring labor, skills and expertise to the countries where they settle, they introduce new knowledge, ideas and skills to their communities of origin which impact regional and national change. Four types of social remittances are observed with cyclical effects: norms, practices, identities and social capital. Migrants bring and continue to receive from their homeland, ideas and behaviors that affect their experiences and the people in the host societies where they settle. This in turn influences what is remitted back to the people in their communities, who disregard, adopt and/or transform these ideas and behaviors. [8]

This concept is also highlighted by Orozco and Wilson. **There are three "R's" of migration and development: 1) remittances, 2) the recruitment of workers by host countries and, 3) the return home of migrants.** The third "R", return home of migrants, refers to the process of migrants applying the skills and capital of the diaspora, to their homeland. They provide energy, learning, creativity and entrepreneurial acumen. Whether permanent or periodical, migrants maintain contact with families back home and are most likely the remittance senders. [9]

Social remittances circulate in a variety of ways: through migrants visiting friends and family in their home land, non-migrants visiting their friends in receiving countries, letters, and phone calls, e-mails and blogs and the ever increasing use of social media networks. **People are exposed to and influenced by values and behaviors as they watch television or surf the internet.** As a result, culture penetrates all aspects of migration and development, creating challenges and opportunities. (8)

Traditions around gender, religion and generational dynamics are shaken up. Women are seen to benefit as responsibilities in home care and child-raising, gender relations and religious activities are seen differently by migrant men and women who visit or return to home communities. Attitudes towards health, education and politics shift due to influences from the migrants' country of work, including ways of conducting business, the ability to incorporate "thinking outside of the box" and the value of individuality and innovation in the workplace. However, there is also apprehension among community leaders, families and individuals in homelands, that some values may weaken family structures, deify consumerism, and encourage sexual promiscuity. (10)

In some developing countries, there are concerns about the return of migrants who are deported from developed countries after engaging in criminal activities because they are seen as conduits to bad habits, new criminal technology and crime syndicates while compromising the reputations of immigrants abroad. (11)

Conclusion

The connection between remittances, migration and development is large and complex. Most researchers express the need for further study on the effects of social remittances, the benefits or losses impacting individuals and communities, as well as the changes experienced by these communities over time. New information on migration and development needs to be highlighted. The old concept that poverty and overpopulation are the reasons for migration should be discarded because people move for a variety of reasons, some of which are facilitated by transnational social networks.
Studies should focus on the effect remittances have on household spending rather than how the remittances are spent. (2)

Though migration and remittances contribute to some of the United Nation's eight millennium development goals, (12) views vary regarding the effects of migration on long-term development which entails structural change. Some analysts believe that migration does not lead to the structural changes necessary and may actually delay development. This argument emphasizes that migration deprives developing countries of their most motivated and innovative human resources (brain drain.) Some contend that researchers and policymakers should focus on the areas where sensible use of policy can assist developing countries in benefiting from migration, provide incentives for receiving countries and develop the aspirations of countries of origin. (2)

All in all, as further research is conducted one must remember that the **fundamental units of migration are the migrants themselves**.

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