Remittances versus migrants: disjointed flows in a globalising world

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Introduction

The main quantifiable outcome of intensified levels of globalisation in the last decennia is a massive increase in the exchange of goods, capital, ideas and ...people. However, there is a remarkable difference in the processes of regulation concerning these different flows. Where flows of goods, information and capital are explicitly deregulated by state and supra-state authorities, the flow of people is given much importance by these same actors. This has resulted in a fast increasing range of policies and instruments that primarily seek to constrain migration. In particular, migrant receiving countries are highly interested in measures which control, or at least reduce, the inflow of ‘undesirable’ people. The quest of these countries to curb this inflow does not apply to all groups however, as highly skilled migrants are perceived as ‘desirable’. Yet in many cases these skilled migrants may originate from the same countries as those who are regarded as less desirable. This selective migration interest has recently been formulated in the new policy term ‘migration management’ reflecting the desire to keep the ‘unwanted’ from migrating while stimulating the ‘wanted’ to migrate. Subsequently, human mobility has become one of the most polarising factors of today’s globalising world (Bauman, 1998); we have global nomads and locally bounded people living in one and the same world.

From a liberal economist perspective, it is often argued that restrictions on all kinds of flows between regions, including people as a form of ‘labour exchange’, are counterproductive. The basic argument is that market forces are best equipped to deal with inequalities between countries. Part of this equation is labour, which should then be allowed to efficiently move from one place to another where it is required, i.e. where demand for it is strongest. In addition, it is expected that the free movement of people will have a strong redistributive character, if unhampered by institutional barriers, for instance, through remittances which migrants send back to their countries of origin. Following this argument, it is paradoxical that in times of globalisation and economic liberalisation, which have enabled and intensified the mobility of all kinds of flows, the flow of people is increasingly restricted (Pécoud and de Guchteneire, 2005).

In this contribution we focus on this globalisation paradox within the analytical framework of the debate on migration and development. Our argument is that the globalisation paradox has a strong influence on this debate; migrants’ money, i.e. remittances, is viewed as a valuable instrument for poverty reduction, whereas the people behind the money, i.e. the migrants, are often perceived as
economic threats. Our analysis focuses on sub-Saharan Africa and the challenges provided by current legislation on the relationship between migration and development.

**Africa’s position in the space of flows: key player or bystander?**

In economic terms it is often stated that Africa has largely been excluded from globalisation. Thus, its major cities, however large their populations, do not feature as prominent nodes in global circuits of trade and industry (with the exception, to some extent, of Johannesburg). Although global economic linkages certainly exist, the continued weak performance of the African economy vis-à-vis other regions seems to prove that globalisation has only resulted in a marginalisation and polarisation of wealth for the African continent. Indeed, Africa is the only economic region in the world where investment and savings per capita has declined since the 1970s (Lundahl and Pienaar, 2004). Hence Lundahl and Pienaar (2004) also come to the conclusion that Africa, and sub-Saharan Africa in particular, has remained a bystander rather than become a key player in the global economy.

There are certain developments pointing towards possible change in the perspective of the continent. Recent World Bank reports suggest that Africa’s economy is beginning to change track, shifting to a faster, more sustained mode of economic growth (World Bank, 2007). The question is how this change has been brought about. There is a general consensus that the rise of the Chinese economy forms one of the main catalysts of this change. China’s insatiable demand for natural resources has changed prospects for many African countries with Chinese investment in mining industries of countries such as Zambia (copper) leading to certain reinvigoration of national economies which had noted declining GDPs for decades on end.¹ And the global competition for natural resources such as oil (e.g. Nigeria) and cobalt (e.g. Democratic Republic of Congo) is unlikely to diminish. Yet, as in the case of the export of raw products to western countries, the question does need to be asked whether the interest of the Chinese for these resources is inciting sustainable development, or whether Africa is rapidly ‘selling off’ its main asset, its natural resources, at bargain prices.

*Cultural globalisation*

Flows of ideas and cultural exchanges are as important factors of globalisation as economic flows. In this framework, Africa has often been cited as being on the wrong side of the digital divide, namely as an example of relative backwardness in communication infrastructure. Obviously the divide is there; the density of telephone lines and internet connections across Africa is much lower than elsewhere in the world. Yet, at the same time, Africa does have the fastest growing number of mobile phone users and internet is now available in all African countries, notably in their urban areas (Cheneau-Loquay, 2007). Furthermore, Africa’s intrinsic cultural values of sociality and conviviality make

¹ In Chapter 5 of this book Ton Dietz, Annemieke van Haastrecht and Rudlog Scheffer discuss in greater detail the impact of the Chinese interest in Zambia’s copper on Zambia’s economy.
it possible for many Africans to gain access to the internet through others, i.e. without necessarily being connected themselves (Nyamnjoh, 2004). Therefore, cultural globalisation, if taken to imply an increased spread and exchange of ideas and values throughout the world, has also reached Africa in an intensive way. This is particularly noticeable in the evening when millions around Africa tune their televisions to football matches of the European Champions League or to one of many American soap series. Others, particularly the younger generations, spend many hours in internet cafes, exploring vast virtual worlds, seeking to establish exchanges with people around the world through e-mail exchanges, dating programmes, internet forums, etc.

While critics worry that such focus may result in a monolithic mass culture, producing a perpetual loss of cultural diversity, the role of cultural globalisation is an important element that also helps to explain the migration of thousands from Africa to other continents. Thus, Gebrewold (2007) argues that young Africans often feel encouraged to migrate because images of modernity and western luxury are omnipresent in their societies. Yet the influence of cultural globalisation is too often neglected, the focus of national and international policymakers concerned with migration being on the economical and political motivations of migrants.

Transnational flows

‘Never before has the continent experienced such massive forms of mobility culminating in transnational and intercontinental movements of migration’ (van Binsbergen and van Dijk, 2004). This comment can be read in two ways. First, the volume of migration, within and beyond the boundaries of the continent, is at an unprecedented level. Second, this physical flow of people also produces a variety of other transnational flows: money, goods and ideas. Some are channelled through relationships that were already in place prior to migration, others are new. These flows, notably financial remittances, constitute a significant and increasing proportion of all international exchanges between the global north and south. Indeed, awareness of the volume of these transactions has led to a surge in interest from governments of countries of origin and countries of receipt of migrants, as well as related institutes, such as the International Organisation for Migration, who share a common goal in seeking to harness these remittances for development aid or, more generally, economic development (Adepoju, van Naerssen and Zoomers, 2008).

Transnationalism has come to take on various definitions since its adoption within various disciplines from the late 1970s onwards. In essence, transnational theories sought to provide more satisfactory explanations for migration processes than existing theories, by perceiving migration as a continuous flow, rather than a discrete, stepwise, process. This refers notably to the ability of migrants to concomitantly engage in activities in geographic locations around the world through their transnational ties with local actors (Levitt and Sorensen, 2004; Madsen and Van Naerssen, 2003; Mazzucato et al., 2004).

Recent contributions from transnational studies, notably multi-sited studies, reveal how migration is often entwined in existing economic, cultural and social practices and institutions, seldom constituting complete breakaways from prior practices (Smith, 2007; Kabki, 2007). Most migrants intend to go abroad for a
limited period of time only, seeking to accumulate savings with which to realise investments in their country of origin. During their period abroad, most migrants maintain social and economic ties with family, friends and business partners ‘at home’. These exchanges often provide significant support to the livelihoods of their families and close friends, and ensure that they remain part of their home society, by being involved in all kinds of cultural and social activities through transnational exchanges. Other transnational exchanges relate more directly to personal interests in establishing economic activities that will allow them to sustain their livelihoods upon return to their country of origin. Once these activities are successfully established, often with instrumental support from local counterparts, migrants are in the position to choose when to return to their country of origin.

Migration and development: promises and pitfalls

In academic research, and in several policy fields, it is acknowledged that international migration cannot be seen in isolation from development. Traditionally, emigration was merely regarded as an expression of poverty or hopelessness. Only recently, the perception of migration has changed and today it is often seen as an important instrument for development (Adepoju, van Naerssen and Zoomers, 2008). That migration has only recently come to be perceived as a poverty alleviating instrument overlooks the fact that migration was always a strategy for people to improve their lives. Indeed, according to the economist J. K. Galbraith, migration is *the oldest action against poverty.*

**Over-enthusiasm for remittances as Africa’s cure to poverty**

Africa has a long history in migrant remittances. Already under colonial regime, male members of households migrated to national or regional urban centres as wage labourers, sending money back to their families to augment their livelihoods, sustain agricultural activities and help realise certain investments. With an increased volume of migration by Africans, to destinations within and outside the continent, one might expect an increase in the volume of remittances, in relative and absolute terms. While in absolute terms increases in remittance volume have been recorded, African migrants send home fewer remittances than their compatriots from countries around Asia and Latin America. Thus, according to the World Bank’s Migration and Remittances Fact Book, during the last 10 years sub-Saharan Africa has received a constant 5% share of all remittances received by developing countries (with the volume of outward remittances varying between 2 and 3 billion US dollars). Yet its percentage of all emigrants of the developing world is almost 11% (Maimbo and Ratha, 2005).³

Notwithstanding these findings, the absolute volume of remittances has still resulted in the general view amongst governments of African countries that

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1 Cited in The House of Commons, The International Development Committee (2004)

2 According to the World Bank’s Migration and Remittances Fact Book, France receives more remittances than the whole of sub-Saharan Africa ($12.5 billion against $10 billion dollars). Indeed six European countries have made it into the top 10 of remittance-receiving countries, the other 4 countries being India, China, Mexico and The Philippines.
remittances are their ‘greatest hope for development’ (Oucho, 2008:63). Indeed, over the last two decades ‘migrant money’ has come to surpass Official Development Assistance (ODA) in many countries. Moreover, the data of the World Bank only accounts for registered, formal transactions when it is generally acknowledged that a substantial part of African remittances—of either monetary or in kind nature—are sent through informal channels.

However, the question needs to be asked whether remittances are to be regarded as the way to achieve development in Africa. Many scholars argue this not to be the case. Some of these scholars argue that this relates to the nature of remittances: they are predominantly used for consumptive rather than productive purposes, which limits their impact as monetary investments. We counter this argument by noting that a large part of this so-called consumptive spending goes into health care, education and nutrition; all crucial elements enabling developments at a micro level.

Our critique on remittances as a resource for development concerns the continued misunderstanding that remittances are unconditional and non-contextual flows of monetary funds that can be simply tapped into by governments of countries for their development agenda. This ignores the core reason for the very existence of these remittances: they resulted from the decisions of individuals, alone or with their families (or other sponsors), that migration would be the best way to secure funds with which to achieve a certain set of specific goals. Hence, while migrants certainly have a commitment towards their home countries, their migration, as an economic project, is primarily intended to benefit themselves and their immediate network. Their focus on personal advancement is hardly surprising given the investments they needed to make in order to go abroad. What this means however, is that no allusion should be made that remittances sent by migrants to their countries of origin, can be ‘harnessed’ and channelled into poverty reduction programmes or other development related projects. These remittances are private funds. Obviously, when migrants feel a moral obligation to support their country or community of origin, and provide financial or other means for particular development projects, this should be welcomed and supported. However, such initiatives should only be stimulated and not enforced as a moral obligation by governments of both countries of origin of migrants and where they reside at present.

Instead we can, and should, try to provide an enabling environment to migrants to heighten the efficiency and sustainability of transnational investments they intend to make. This can take the form of training in entrepreneurship, providing loans, providing information on potential investment opportunities, etc.

The perception that remittances are an open source for development also neglects the investments of those in the country of origin with whom migrants engage in transnational activities. Remittances continue to be perceived as a one-way flow from North to South, which ignores the inputs of those with whom migrants engage in their country of origins. These include, for instance, investments of labour in migrant activities in their country of origin, such as businesses and houses (Smith, 2007). Such reciprocal flows, of labour or other kinds of investments, seldom show up in formal statistics on remittances, as these tend to only focus on financial flows.
Remittances are therefore not unidirectional and we should, in the very least, broaden our perspectives towards remittances that flow out of developing countries. More properly stated; when the development impact of remittances is analysed we should not forget to also take into account outgoing monetary transfers from countries of origin of migrants.\(^4\) Thus, migrants, notably during their actual migration, are more often receivers of substantial amounts of remittances (to meet livelihood expenditures, travel expenses) than senders (van Moppes and Schapendonk, 2007). Furthermore narrow definitions of remittances exclude informal flows of money and other kinds of transnational flows often entwined with financial flows.

Hence, the development impact of migration through remittances should be contextualised in two ways. First, they should be analysed in a broader perspective of in- and out-coming monetary flows, which nuances rather than neglects the positive impact of remittances on a society. Second, the analysis of financial remittances should be contextualised in a broader framework of migration related reverse flows to a country including non-monetary flows. This also positions migration within the larger framework of globalisation.

The flow of people: African migrants in a bordering world

The bulk of African migration takes place within the African continent; rural to urban migration and migration within sub-regions. These are, in quantitative terms, more important than intercontinental migration. Nonetheless, African migration to the North, particularly to Europe, is increasing. As European visa regimes and asylum policies are rather restrictive, many Africans lack the opportunity of going directly to their desired destinations. Consequently, migration processes have turned into long-lasting, often risky, undertakings with a strong stepwise character. As a cumulative policy effect, so-called transit countries are increasingly involved in European initiatives to control migration. This has shifted European borders southwards and has transformed North Africa from transit to ‘holding’ zone (Bensaad, 2007). As a result, many African migrants are living under vulnerable conditions near the European border, awaiting the moment to enter Europe (usually irregularly). Many others are discouraged to move further northwards by intensified border controls by countries such as Algeria and Morocco, and some are even detained in transit camps in the Sahara desert. This indicates that, in the African context, migratory flows to the North are more often fragmented and sometimes also stagnated efforts rather than fluent and smooth flows (Collyer, 2007; Schapendonk, forthcoming).

The latest initiative to ‘manage’ migration does not aim to prevent Africans from entering the European Union, but goes one step further: It attempts to keep people from exiting their own country. In line with the migration and development agenda, several EU member states have offered development aid to African countries in exchange for cooperation on migration control (Adepoju et al., 2007). Moreover, development projects are explicitly designed as ‘the

\(^4\) Remittances are defined as money transfers from migrants to their home countries. A reverse flow (family money to the migrant) can formally not be defined as remittances.
alternative’ to emigration. These initiatives overlook the fact that migration has always been a supplemental strategy for people to improve and diversify their livelihood, achieving higher levels of social security through diverse sources. With the rather paternalistic and simplistic argument of the EU that people are best off living their lives ‘at home’, remittances, as an important income source, are annihilated.

The recent step-up in efforts of the North to control migration has resulted in a conflict of agendas within governments on migration. Whereas policymakers of developing cooperation departments may approach migration in terms of opportunities for the South, their perspective is overshadowed by the more dominant domestic agenda, which perceives migration pre-dominantly in terms of threats for national security. The dominance of the national security agenda and its implications for migration policies shows how globalisation is not a unidirectional and homogenous process towards social openness, unrestricted flows and inter-connections. It simultaneously contains elements of social closure, the blocking of access and the prevention of mobility (Shamir, 2005).

Another element that needs to be part of this discussion is the impact of migrants’ formal status on their ability to send remittances and make an impact on development in their country of origin. It is widely believed that irregular migrants are less likely to send substantial sums of money to their home countries as they often lack access to the necessary infrastructure. This argument also extends to non-monetary remittances. Since irregular migrants generally encounter many more problems in their quest of climbing the ‘social-economic ladder’ of society, they are also expected to have less impact on their home communities, for instance in terms of knowledge transfer. In addition, modern modes of communication may also be relatively expensive for this group.

Altogether, the immobilisation of (potential) migrants, the lengthening of migration processes and the enforcement of stricter (ir)regularisation policies have led to a weakening of the impact of migrants and their remittances. The extreme difficulties faced by African migrants not only during their migration, but also upon arrival in a host country, may sustain their fragile position as remittance receivers, rather than senders.

In sum, the quest of northern states for limited and well-controlled migration management, concomitantly satisfying a need for higher levels of national security, have marginalised opportunities for migrants to play a role in supporting developments in their countries of origin through remittances.

**Discussion and conclusion**

In the introduction we asked ourselves why migration is perceived as a threat to development, notably by receiving countries (e.g. ‘waves of migrants’), but also by sending countries (e.g. ‘the brain drain’), when the monetary flows resulting out of migration are hailed as one of the greatest promises for development in the global south. How can these two trains of thought run along the same track without crashing into each other, because they are so obviously and strongly related? The answer is that states can only maintain these two lines

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5 A Senegalese example is a program called *Retour Vers l’Agriculture*
of thought if an artificial separation is created between, on the one hand, the flow of people, and on the other, the flow of goods, artefacts and money. Thereby it could be argued that the first flow is framed as a negative effect of globalisation which calls for strong and restrictive management to manage labour markets to ensure cultural integration, global security, balanced economic growth, etc. The second flow, on the other hand, is largely perceived as a positive effect of globalisation: namely the ability, due to technological advances and the liberalisation of markets, to send goods, money, etc, across geographical divides for the benefit of all —potentially leading to development. In our view, this artificial divide cannot be maintained and below we provide our main arguments why these two ‘types’ of flows cannot be viewed separately from one another:

First, concerning migratory flows, we argue that migration is not looked at in its full context, instead, it receives political attention primarily with regard to the concern that an inflow of people, bringing along their culture (‘African’, ‘Islam’, ‘Polish’, etc) will have adverse effects on local communities. We do not deny that an influx of people in a local community can have a (temporary) destabilising effect, yet this does not imply that migration can then be equated to a whole range of societal problems. Furthermore, there is a second angle to consider: the need to also take into consideration that migration is very often a reflection of global differentials brought about by a liberal economic agenda which has increasingly led labour to become a dynamic and active flow that closely follows economic developments around the world. It can no longer be seen as having the form of reserve pools that are physically bound to particular geographical locations.

This, however, calls for a major step that is not likely to take place: If the liberal open economy agenda is to prevail at a global level then a systematic and complete tearing down of all kinds of man-made barriers —physical and institutional— is required to create an open market. Then labour, notably unskilled labour, can become part of the global flow. Such a liberalisation of the labour market, enabling migrants to easily migrate from one location to next, wherever their input is required, can help to give global accreditation to the value of their labour, reducing discrepancies between the values of a same type of occupation between one local economy and another. Such an open valuation of labour will also make the management of skilled migration much less ethically problematic; mechanisms can be put in place to ensure that transfer of labour from one location to another is compensated for. Then brain gain becomes a temporary problem —diminishing as the global market becomes saturated. And programmes around brain circulation, which at present are deemed to be window-dressing attempts of the global north rather than anything else, become redundant.

Such a development will result in an open competition between labour forces across the globe. The insecurity of such an open, global economy, notably for those presently privileged by all kinds of market protection measures in developed countries, makes this unlikely to take place. Hence, multinationals will continue to move whole manufacturing and industrial plants rather than adjusting their source of labour from one continent to the next. The ‘guest worker’ programmes in Western Europe of the 1970s addressed just this issue, inviting cheap labour to temporarily work in Europe. Yet these initiatives were controlled by national governments, not by a dynamic, open market.
Second, with regard to flows of remittances, we have argued for the need to nuance the role of remittances as development panacea. Remittances have, in both the global north and south, been wrongly labelled as the cure to underdevelopment and poverty. Migrants should not be seen as development agents as this misinterprets the basic reasoning for migrants to go abroad and their entitlement to use their own resources as they see fit given that these are private funds that have been generated with the investment of private capital. Migrants are seldom the poorest in their own countries and will also seldom maintain links with the poorest in these countries. Therefore, there is a strong need to offset any engagement of governments and NGOs—in the north and south—with migrants in local development projects in their regions of origin, by also initiating development projects elsewhere in the same country. In these poorest parts, resources to enable people to migrate—notably to distant, foreign destinations might have been lacking altogether. This comment should not be taken to mean that we feel that migrants do not contribute to the development of their countries. To the contrary, private investments of migrants in their countries of origin (especially houses and businesses in urban areas) provide employment, have various multiplier effects for local economies, and provide opportunity for others in their country of origin to improve their lives by being engaged in these transnational activities. We also argued how support to the livelihoods of their families and close friends also needs to be seen as a form of development; sustaining and increasing human capital. With regard to these incentives and investments improvements can be realised, notably when this concerns returns to investment in businesses, as many migrants are entrepreneurs ‘by default’ rather than entrepreneurs ‘at heart’. It is in this field that development cooperation could play a supporting, capacity building role. Indeed, first initiatives have been initiated around Europe to this effect.

African migrants biding their time all along the North African coast, apprehending their opportunities to reach Europe, is an image which can be used favourably by both pro- and anti-migration camps. It feeds into the arguments of the anti-migration camp to persuade the powers-that-be that more control measures need to be put in place to stop the influx of illegal migrants, and more campaigns need to be launched to dissuade potential migrants from leaving their countries. On the other hand, the pro-migration camp can use the same image to argue the case that there is a clear disjuncture between the demand of the European economy for (cheap, unskilled) labour and an apparent societal-political demand to restrict this inflow. Given, as we indicated in our introduction, our choice to take a liberal perspective to understand the relation between migration and other flows within the global economy, we feel that the pro-migration camp has the stronger case. Albeit, in whose benefit? Obviously their stance will benefit migrants, but it also favours industries and other large employers. This is where the anti-migration camp can argue the case for a need to protect national/regional labour forces and their established rights to social benefits, minimum wage, etc against an outside, more flexible labour pool.

Yet it is exactly the persistence of protectionist anti-migration laws that an informal labour economy has arisen all around Europe which seems to be undermining the position of the formal economy. This informal economy is

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6 In Chapter 8 of this book Tine Davids and Ruerd Ruben discuss the complexities surrounding migrant identity and the investments they seek to make in their countries of origin.
largely the result of a discrepancy between labour market demands and opportunities for migrants to legally work in Europe. The flexibility of this market may not be altogether disadvantageous to employers as their costs are lower while their labour force is dispensable, which is suitable if there are strong variations in labour demand. This development is to the disadvantage of local labour, which finds itself unemployed, being unable to compete with this pool of informal labour. By allowing legal labour migration, a consensual set of standard of employment conditions can also come into place and be monitored by all actors involved. Given the intentions of migrants to only stay in the global north long enough to accumulate sufficient funds with which to establish income generating activities in their country of origin, one can question the use of intensification of monitoring activities along Europe’s borders. Rather than dissuading people from migrating it seems to simply lengthen the period and resources required to reach Europe. This has ramifications for it implies that migrants, once they have managed to get inside Europe, will lengthen the period they need to recuperate from the significantly higher expenses they incurred before they can start saving money. Notably, if they remain in the informal economy their status may be precarious; given their lower and more insecure earnings they will take longer to reach their financial targets. This will also hamper their abilities to put their migration efforts into productive use; sending remittances to support their families and friends and engaging in investments which will allow them to return home. Given the arduous nature of the work they conduct, especially if they take on multiple jobs, their health runs at risk, which not only constitutes a personal liability but can also result in them becoming a financial burden to their host society. These are issues rendering invalid many of the arguments of the anti-migration camp.

In conclusion, the debate on the impact of migration on countries of origin through remittances and the debate on the desirability of migration have run along seemingly separate tracks due to the political agenda within which they have been contextualised, and their seemingly different geographical impact. Yet, logically, the flow of people and the flow of remittances are strongly entwined, both the expression of development within an incomplete globalisation agenda. The seeming inability or unwillingness of policy makers, notably in the global north, to draw the intricate connection between these two kinds of flows has led to largely ineffective policymaking, both with regard to migration and with regard to remittances.

For the two flows to be united into a concerted and objective policy approach that depoliticises migration and recognises it as an integral part of globalisation processes, a concerted effort in policymaking will be required from representatives of national states of the global north and south, the World Bank, the International Labour Organisation, the World Trade Organisation and the International Organisation for Migration. It remains to be seen whether these actors can be convinced to give up their own interests and convictions and take on this attempt.
References


