

Migrant remittances, social inequality and restrictive immigration regimes

By Lisa Åkesson

The case of Cape Verde shows that the relationship between remittances and inequality in migrant-sending countries depends on a number of factors. The situation is thus more complicated than the dominant pessimistic view of the 1970s and 1980s or today's "development optimism" discourse. Among the factors are changes over time in the selectivity of migrants, variations in family organization and differences in impact between permanent and return migration. A policy debate about remittances and inequality needs to include immigration regimes. Migrant-sending countries can reduce the risk that remittances will exacerbate socioeconomic inequality by facilitating the use of remittances for projects that benefit local communities. Destination countries can open up possibilities for legal labour migration, especially for those who are not highly educated, in order to promote, among other things, a more equal distribution of remittances.

The ways in which remittances impact upon local settings are often complex and contradictory. In recent years, the relationship between migrant remittances and development in countries of origin has been viewed in a rather one-sidedly positive light by most policymakers, who anticipate that migrants' transfers of money contribute to poverty reduction and to sustainable long-term development. However, some prominent migration researchers, including Hein de Haas (2010) and Thomas Faist (2009), are critical of this unbalanced enthusiasm for migration and remittances. De Haas (2010) convincingly demonstrates that the development effects of migration and remittances are fundamentally heterogeneous, and that the development potential of remittance transfers varies with economic, political and social conditions. It is also evident that even in the most optimistic reports on the effects of remittances, there are areas of concern. One of these regards the impact of remittances on inequality. Whether remittances diminish social inequalities is deemed uncertain, and some researchers argue that the migrants' money transfers may even exacerbate social stratification.

The aim of this Policy Note is to present key findings on the role remittances play in relation to social and economic inequality among those who have stayed behind in the country of origin. Accordingly, the focus is on the importance of remittances for individuals and households. I will review the central arguments in the international scholarly debate on this topic and compare them both with my own anthropological research on the effects of

remittances among receivers in Cape Verde, and with other empirical data.

In order to understand the relationship between remittances and inequality, I have carried out intermittent periods of fieldwork between 2007 and 2010 in both rural and urban areas on the Cape Verdean islands of São Vicente and Santo Antão. I have combined participant observation with interviews and a census. The case of Cape Verde is relevant for discussing the relationship between remittances and inequality, as a majority of the Cape Verdeans have relatives living and working in Europe or the US, which implies that the country is a typical example of a setting where remittances have become an institutionalized part of livelihood strategies. In the following, I present some of the factors that influence the relationship between remittances and inequality, and conclude by explaining why, from a Cape Verdean perspective, the policy debate about remittances and inequality needs to include immigration regimes.

Remittances rarely benefit the absolutely poorest

Migration researchers more or less unanimously agree that for those at the very bottom of the socioeconomic hierarchy, mobility through migration and remittances is seldom possible. Studies in different sending-societies demonstrate that the poorest households lack both the economic means and the social capital necessary for sup-

porting a member to migrate. Consequently, such households rarely receive money transfers from abroad. In some cases, an extensive inflow of remittances to a particular locality or region may even worsen the economic situation of the poorest households. This happens when the resultant growing demand brings about increased prices. On the other hand, remittances may also have positive consequences for those who are not first-hand receivers through so called “multiplier effects”. An inflow of remittances may lead to higher demand for local products and to investments, which may induce the creation of new jobs.

In Cape Verde, competition for agricultural land has historically been related to access to remittances. For decades, much of the scarce fertile land has been bought by migrants and their relatives, while people without access to remittances have had few chances to acquire anything but small, dry upland patches. Another and more recent effect of the inflow of remittances is the boom in housing construction. The rapidly growing demand has increased prices for building materials, making house construction quite unaffordable for poor households. On the positive side, it can be noted that the extensive building of new houses creates a demand for construction workers, and that primarily poor men with little schooling are recruited for these jobs. Thus, the inflow of remittances seemingly has both positive and negative consequences for the poorest in Cape Verde.

The impact of remittances changes over time

The argument that remittances do not benefit the poorest has been nuanced by scholars who point to the importance of changes over time. Remittances reduce income inequalities only if migrants are recruited from poor households, but several researchers have suggested that the selectivity of migrants differs between transnational places with a well-established history of mobility and places in which migration has only just begun (e.g., Cohen 2004; McKenzie and Rapoport 2007). Where migration is a recent phenomenon, migrants typically come from the middle level of the local socioeconomic spectrum. By contrast, where there has been a long history and high prevalence of mobility, migration tends to become socially less selective and more representative of the whole community, which means that people from different socioeconomic strata are liable to receive remittances. Based on these assumptions, when remittances become institutionalized within local livelihoods, the inflow of money from abroad does not exacerbate patterns of social inequality.

One of the first researchers to discuss how selectivity of migrants changes over time was the geographer Richard Jones (1998), who used survey data from Mexico for proposing a model of migration and inequality comprising three temporal stages. In the first stage, migrants come from a small number of households that are already fairly well off. When these migrants start sending remittances, local income inequalities increase. In the second stage, due to contacts between the pioneers and those who stayed behind, people who are less well off also manage to migrate, which means that poorer households are liable to re-

ceive remittances. During this stage, inequalities decrease. In the third stage, migration has created a transnational ‘class’ that increasingly stands apart from a group of poor households that have never sent any migrants. This leads to increasingly unequal income distribution.

In comparing Jones’s findings with my own data from Cape Verde, the two first stages emerge as similar. The first important wave of out-migration from Cape Verde in the 1950s and 1960s is reported to have increased inequality. In reaction to the inflow of money, land prices rose in rural areas and the majority of the households, those without migrants, gradually found it more difficult to gain access to land, while households with migrating members were able to buy land. A second similarity with Jones’s model is that in Cape Verde migration also successively spread to a large part of the community, which meant that remittances reached more and more households. Unlike the Mexican case, however, no discernibly well-off transnational stratum has been created in Cape Verde. As mentioned, almost everyone has a relative abroad and probably the majority of the households receive remittances, although the frequency and amounts vary considerably. Some households receive a regular sum through remittances every month, others receive a varying amount of money a number of times per year and still other households may receive only a small sum at Christmas time. Moreover, other sources of income, in particular wage labour, are in many cases more important for the household economy than the money sent by relatives abroad. Thus, in the Cape Verdean case it is not accurate to talk about a delimited “transnational class”, and this is probably true of other cases as well. Jones’s model needs to be complemented by data on other sources of income before any conclusions about the relationship between distribution of remittances and socioeconomic stratification can be drawn.

Family structure influences the distribution of remittances

A third factor influencing the role of remittances in relation to economic inequality is family structure. Much research on development and remittances starts with the implicit assumption that all migrants direct their remittances to only one household, which supposedly consists of a cohesive nuclear family. It also envisages the migrant who belongs to this kind of family to be of a particular kind: he is male and either the son of the household head or the head himself. Thus, remittance research often overlooks the considerable global variation in gendered family and household organization.

The case of Cape Verde highlights the danger of assuming that the contemporary migrant is a male breadwinner who leaves his wife and children behind. In Cape Verde, conjugal relationships are often transitory; many households are not based on nuclear families; and women migrate as often as men. All these factors have an impact on the relationship between remittances and socioeconomic inequality (Åkesson 2009). The sociologists Mariano Sana and Douglas Massey (2005), who compare quantitative

data from Mexico and the Dominican Republic, discuss the connection between variations in family composition and the likelihood of receiving remittances. In Mexico, many families are nuclear and patriarchal, while in the Dominican Republic the family resembles the Cape Verdean model. In both these last countries, marriage is a weak institution, unions are unstable and matrifocal households are common. Sana and Massey show that Dominican households are less likely to receive substantial amounts of remittances in comparison with Mexican households. Dominican households, however, are more likely to receive some or other form of remittance. They explain this difference by showing that remittances in Mexico are more oriented towards investment in a nuclear family to which the migrant probably will return, while migrants from the Dominican Republic channel their money into different households that need the support for their survival.

In an in-depth study of the reception of remittances in a Cape Verdean village, I found that the money from migrants was spread thinly and quite evenly. In the village, as elsewhere in the country, the increasingly transitory nature of conjugal relationships has transformed the structure of transnational family ties. Enduring relationships between men and women separated by the migration of one of the partners are increasingly rare. People who migrate often start a new family in the country of destination. Consequently, when migrants send remittances to Cape Verde they do not invest in their own future lives. Instead, they try to support ageing parents and young children left behind, who often live in different households. This means that migrants tend to have economic obligations to several households and that they are therefore only able to send limited amounts of money to each. This implies, first, that many households are recipients of remittances and, second, that they normally receive only small sums. Thus, the impact of the migrants' transfers on social inequality is quite limited. It is important to note that this conclusion is not relevant only for understanding remittance dynamics in the Cape Verdean transnational social space. Family structures are undergoing important changes in many sending countries in the developing world (United Nations 2003), and unstable conjugal relations are an increasingly salient feature of this development.

Return and social mobility

Another finding has to do with the difference between permanent and return migration. Many researchers have shown that migrants who plan to return remit more money (e.g., Merkle and Zimmermann 1992; Pinger 2009). An important part of these remittances will benefit the migrants themselves. Globally, return remittances are commonly employed for the construction of houses, and sometimes for investments in business activities. The migrants' aim is to create conditions for the maintenance of a secure and comfortable economic standard upon return. After returning, some ex-migrants not only benefit from their own savings and investments, but are also entitled to pensions from former employers in the country of destination. These pensions may be low in relation to standards

of living in affluent countries of destination, but in many Southern countries they amount to a substantial monthly income. Successful returnees who have managed to invest in housing and a profitable business and who on top of this receive a monthly pension in hard currency are often among the most economically privileged in poor migrant-sending countries.

Although Cape Verdean returnees seldom originate from the absolutely poorest families, their parents often made their living under uncertain and precarious conditions, working, for example, as peasants or day labourers. This background often stands in dramatic contrast to the returnees' present living conditions. The successful Cape Verdean return migrants generally live in spacious and well-furnished houses built with money earned abroad. Some of them have savings, which they invest in construction of additional houses to be sold or let out, in agricultural land or in a small business such as a taxi, a grocery store or a bar. They also strive to maintain a relaxed and affluent lifestyle, which corresponds to local perceptions of the good life. Their "homecomings" have not implied a return to the life they lived before going abroad, but have involved upward social mobility. This demonstrates that money earned abroad often has a strong impact on social stratification when it is linked to the return of a migrant. In contrast, remittances sent by permanent migrants to family members are generally only aimed at guaranteeing a basic level of subsistence. Usually quite small amounts of money are involved, and they are characteristically used for buying food and paying bills. Receipt of such remittances does not lead to marked changes in the social and economic standing of an individual or a household. Thus, it is important to differentiate between the effects of the remittances sent by a permanent migrant to family members left behind, and the upward social mobility of return migrants who have used their savings in a profitable way.

Restrictive immigration regimes

As shown here, the question of how remittances influence inequality has occupied migration researchers for decades. Many Cape Verdeans, however, would say that today this is not a pertinent question, because it does not take account of the real problem. In Cape Verde, the distribution of remittances is not seen as leading to social inequality in the sense of unfair access to resources. According to local notions, it is fair and right that those who have laboured hard abroad and endured discrimination and homesickness have the possibility to support their relatives left behind. In line with this, the remittance receivers should not be envied. This generous attitude is especially evident with regard to successful returnees. Cape Verdeans maintain that these returnees are judicious and hard-working people who have the right to enjoy the fruits of their hard labour abroad. What is seen as unequal, rather, is the fact that not everyone has the chance to migrate. The current restrictive immigration regimes in countries of destination prevent the majority of those who want to work for a better future abroad from entering countries of destination. According to many Cape Verdeans, only those who are

relatively well off have a chance to leave and work abroad. A common way of migrating is to apply for a tourist visa, and then overstay it. In screening candidates for tourist visas, consular officers try to single out potential overstayers. Among other things, this implies that consular officers reject applications from those people they believe have few resources and therefore are supposedly more prone to look for a job abroad. Another common mode of migration that favours persons with social and economic capital is by obtaining a student visa. Social capital is also necessary for migration through family reunification or marriage. From a Cape Verdean perspective, it is the unfair distribution of possibilities to migrate that leads to inequality, rather than the distribution of remittances. The principal problem, then, is not the relationship between remittances and inequality, but the negative effect of enforced immobility on structures of economic inequality.

Conclusions and policy recommendations

Since the 1970s, migration researchers have discussed the impact remittances may have on social inequality. In the 1970s and 1980s, the dominant view among policymakers and researchers was that migration aggravates problems of underdevelopment, because it leads to dependency and brain-drain. During this period of “migration – development pessimism”, many researchers argued that remittances tend to exacerbate social stratification among those who stay behind. Today, the leading discourse is rather one of “migration – development optimism”, and researchers are less worried about the impact of remittances on social inequality. In reviewing the research on this issue from a long-term perspective, a fundamental conclusion is that the relationship between remittances and inequality is complex and depends on a number of different factors. Some of the most important of these I have presented here, such as changes over time in the selectivity of migrants, how variations in family organization interact with the distribution of remittances and the difference in impact between permanent and return migration. Additionally, it is important to keep in mind that remittances are generally just one of many elements in a household economy, which implies that many other factors influence local processes of social stratification.

Policymakers in migrant-sending countries can reduce the risk that remittances exacerbate socioeconomic inequality by facilitating the use of remittances for projects that benefit local communities. Access to microcredit and to appropriate information and training can encourage remittance-receivers to engage in entrepreneurial activi-

ties. It is, however, essential to recognize that the developmental impact of migrant remittances depends to a large extent on the general conditions for investment. Without, for example, the existence of a basic infrastructure and a reasonably honest public administration, remittance-receivers can hardly make investments that contribute to local development.

For destination countries, it is time to add immigration policies to the traditional development agenda. Opening up possibilities for legal labour migration, especially for those who are not highly educated, is an efficient development intervention for raising the incomes of people who live in poverty. Not every poor person would be able to benefit from this, but that limitation affects all manner of development programmes. Fundamentally, it is the distribution of possibilities to migrate that guides the socio-economic distribution of remittances, as people in Cape Verde have already observed.

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