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## Introduction

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In many Pacific island countries, the remittances that flow from internal and international migrants to family members at home are a prominent feature of the national economy. Internal rural-urban migration produces some flows of goods and money, but international migration yields substantially greater ones. There have, however, been few studies of this migration-remittance nexus and even fewer are both detailed and statistically significant. Many are now more than a decade old and may no longer be valid. Information is therefore somewhat limited on the current use of remittances, on their real and potential contribution to domestic incomes and economic development, on their social influence, and on how they function as a safety net against hardship and poverty. Furthermore, many additional questions have not been thoroughly investigated including the extent to which remittances are sensitive to variables like foreign exchange rates, relative rates of interest and inflation, and the extent to which migration and remittances contribute to inequality. Remittances have raised living standards in the islands, they have contributed to employment especially in the service and construction sectors, and they have eased balance of payment problems despite contributing to inflation especially in the larger Polynesian countries. However, it has been argued that remittances have not generally been invested in economic growth, so increased demand for improved consumer goods can usually be met only by further migration. This particular issue is the principal theme of this overview.

In the Pacific island microstates, the prospects for economic growth are unusually limited compared with other regions of the world. Consequently, the now widely perceived disparities in economic development and welfare between them, especially the smallest states of Polynesia and Micronesia, and neighboring developed nations have contributed not only to substantial migration but also to increasing pressures for further migration. Almost all international migration has occurred since the 1960s, but it has become so extensive that some of the greatest concentrations of Pacific islanders are in cities such as Auckland, Honolulu, and Los Angeles rather than in the island Pacific. Already there are second and third generations of islanders for whom “home” is sometimes an uncertain and ambivalent concept.

As migration continues, small, vulnerable Pacific states have become a peripheral and dependent part of a wider world. Contemporary patterns of migration have diversified, demographic structures have changed, and global and island economies present different development contexts. Essentially, the lives of island people are increasingly international. Some small Polynesian states like Cook Islands and Niue have more than half their populations living overseas. The largest migratory streams have been from Polynesia though there is now increasingly rapid migration from the independent Micronesian states that were once American colonies. Migration has been particularly substantial and better documented from Samoa (formerly Western Samoa) and Tonga—the two largest independent Polynesian states. In contrast, for American Samoa, Palau, Tokelau, Wallis and Futuna, and others, there is very little contemporary information despite the significance of migration and remittances.

Migration in the Pacific is primarily a response to real and perceived inequalities in socioeconomic opportunities that have resulted from uneven development. Social influences on migration are important especially in terms of access to education and health services but also as one element of the transition to adulthood; such social influences are in turn often a function of economic issues.

Basically, migration is a time-honored strategy of moving from a poor area to a richer one in search of social and economic mobility. In most of independent Polynesia and Micronesia there is a powerful and almost universal recognition that the best social and economic opportunities lie overseas. In fact, the desire to migrate overseas is now regarded as normal though most moves began only half a century ago. Thus in Tonga, quite simply, "...overall there are few opportunities for socioeconomic advancement in Tonga and migration is perceived as the only solution" (Morton Lee 2004). Much the same might be said of smaller states. What is also true everywhere is that while rural-urban migration produces remittances, international migration produces substantially greater flows and is therefore more attractive.

Radical changes in perceptions of satisfactory standards of living, desirable occupations, and adequate services and amenities have encouraged migration. Aspirations have almost always included imported food and other goods (such as clothes and vehicles) and access to schools, hospitals, and modern entertainment, all of which demand some cash income (Bedford 1980). At the same time, agricultural work throughout the Pacific has been losing prestige, and young men have been less willing to participate. Changing aspirations have not only been the province of young men. In Tonga, "... one often hears parents expressing the wish that their children work at something better than agriculture even though they themselves are farmers. This

something better invariably refers to white collar jobs which carry with them a lot of prestige” (Sevele 1973). In the past 25 years, these trends have become well established throughout the region.

Changes in values following increased educational opportunities and the growth of bureaucratic (largely urban) employment in the region in the 1970s, especially during the prelude to independence in many states, further encouraged migration as local employment opportunities did not keep pace with population growth. This situation continued through the 1990s, another a period of both rising formal unemployment and restructuring in much of the region. This widened the gap in many places between rising expectations for consumer goods and travel and the reality of limited domestic employment and incomes.

In terms of international migration, what has distinguished most Pacific islanders is that they intend to stay in the host country even though they may have expressed an intention to return home (Macpherson 1994). This is particularly true of most migrants from Samoa and Tonga. It is also true of migrants from Cook Islands and Niue despite the fact that they are citizens of New Zealand and can move freely between countries. Because of this tendency, remittances from Pacific islanders are particularly substantial. Other than for Kiribati and Tuvalu, direct comparisons with other states with a migration-remittance nexus such as Pakistan or the Philippines are limited because most of their migrants are on short-term contracts and must return home. In contrast, until quite recently when significant migration from Tuvalu to New Zealand began, almost all migration from Kiribati and Tuvalu was either as laborers to nearby Nauru or as contract workers on shipping lines. Workers were specifically trained for these activities, their remittances were and are both obligatory and institutionalized, and they were required to return home.

Remittances play an important role especially when migration is from small island states such as Tuvalu or from small islands (such as Ponam or Ware) in larger Pacific states like Papua New Guinea. Otherwise remittances within countries, especially in Melanesia, are of limited economic significance though they may be of considerable social significance (Mecartney 2000). However, even for remote parts of such large islands as Tanna, Vanuatu, remittances from urban migrants are the single largest source of income in several villages (Winthorpe 2004). Nonetheless, in many places there is inadequate information on remittances and their use and hence on their real and potential contribution to domestic incomes and economic development, their influence on social change or continuity, and their ability to constitute a safety net.

## *Remittances in the Pacific*

Because of the continued significance of remittances, the sustainability of remittance-dependent development is particularly important and somewhat uncertain especially if in the home countries the need for remittances grows faster than the supply (Forsyth 1992; Macpherson 1992). The rate of migration to major destinations, namely New Zealand, Australia, and the United States, has declined in recent years due to economic recessions in those countries and to the restructuring of migration regulations such that return migration has sometimes been considerable (Maron 2001). At the same time, migration policies in host countries have increasingly favored those with skills (Liki 2001; Brown and Connell 2004). Furthermore, as families reunite overseas and as migrants integrate into host communities, their ability and willingness to remit are expected to decline over time (e.g. Macpherson 1994). If that is so, unless other sources of income can be developed and unless remittance incomes can be used and invested more productively, the future of the economies of remittance-dependent Pacific countries is uncertain.

Several states in the region actually have an outflow of remittances. More than half the population of the Commonwealth of the Northern Marianas is nonresident workers. Their remittances, mainly to the Philippines and to a lesser extent to China, totalled about US\$80 million in 2003. Workers on Nauru also remit to their home countries including Kiribati and Tuvalu though there are no data on these or other flows, and there is a significant flow of remittances from New Caledonia to Wallis and Futuna. Remarkably there is also a flow from Niue because of extremely high levels of aid, the assistance that Niueans provide to those resettling in New Zealand, and perceptions that the community will not remain so it is useless to remit to Niue (Cohn 2003; Heyn 2003). These rather exceptional cases are not discussed here though that of Niue has important implications.