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The Composition of Remittances

Since remittances take many forms (including goods and commodities) and pass through many channels, there are obstacles to definitively assessing their value. Recorded remittances are sometimes a poor measure and definitely an underestimate of the actual total. Much of the analysis of migration and remittances has been based on two suppositions. The first is that remittances pass through the official banking system. These are most often recorded in banking statistics and in the home country's balance of payments current account as "unrequited transfers." Conclusions about the magnitudes and long-term trends in remittance flows are based on such data even though it is well known that a considerable and possibly increasing proportion of remittances enters through other channels and in different forms (Ahlburg 1991). In recent years, Western Union and ATMs have been destinations for remittances, but how significant electronic transfers have become is unknown.

A very substantial amount of cash is sent informally with people travelling to the Pacific islands especially during the Christmas period. Thus, the overall flow of income into the islands is substantially higher than most formal estimates suggest and is not noted in official records of capital transfers. Brown (1995) has estimated that unrecorded remittances from Australia amounted to as much as 34–41% of the total from Tongans and 42–60% from Samoans. The way money is sent varies according to the purpose, the amount, the urgency, and the availability of a reliable carrier. In the case of Tongans in Auckland, about 65% claimed to have sent cash through formal channels while smaller sums for subsistence needs were often enclosed in letters (Fuka 1985). In Fusi, Samoa, remittances were commonly sent in letters in the past but are now more likely to be hand carried by relatives because of numerous thefts from the postal system (Muliaina 2001).

The use of channels other than the banking system seems to be partly a result of underdeveloped national financial systems in Samoa and Tonga and in remote regions. Charges on remittances have also resulted in disincentives to use banks and have encouraged hand carrying. In both Samoa and Tonga, foreign exchange agents operate openly (Ahlburg 1991). Though the informal rate of exchange is rarely very different from the official rate, this system is very convenient.

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The second supposition is that remittances are usually cash, postal orders, or checks.

Actually, most also include various kinds of goods. Early movements, especially in Melanesia, found migrants returning almost entirely with goods because of the limited utility (and low prestige) of money in many remote areas and the fact that they received goods as wages. Remittances from early migrants from Polynesia to New Zealand were also mainly goods. In the late 1970s some 60% of remittances from Polynesians in Wellington were gifts, goods, and also services. Consumer items were (and are) more costly in Pacific island states, hence it was rational to convert earnings into goods. Subsequently cash became more important, but goods have remained significant, especially in Tonga. Thus in the early 1980s, remittances from Tongans in Auckland were 76% cash and 24% goods (Fuka 1985), and in the Samoan village of Vaega, goods constituted 40% of remittances in the 1980s (O'Meara 1990). In both cases, most of the goods were food and second-hand clothes, but household items such as blankets, sheets, and utensils were also sent. Other estimates of the proportion of remittances in kind are similar (Ahlburg 1991) although there has again been an increase in recent years.

From the mid-1980s, there was an important transition in Nuku'alofa, the capital of Tonga, as goods that were initially sent for individual household use became the basis of a very substantial flea market and were thus transformed into investments (Brown and Connell 1993a). Cars, which often became taxis, were also remitted to Tonga (Ahlburg 1991) especially from America. In 1999 in the village of Nukunuku not far from Nuku'alofa, no more than 34% of all remittances was cash; the remainder was goods especially food though vehicles represented 16% of the total (Halatuituia 2001). In the village of Fusi, which is about the same distance from Apia, the capital of Samoa, there was a similar transition from cash to goods; most were luxury items, but food and second-hand clothes were also common. Food mainly came from nearby American Samoa, and other goods came from New Zealand. There has also been a significant increase in the number of street sellers in Apia, though the growth of market trading has been much more substantial in Nuku'alofa. Recently, two thirds of Samoan remitters in New Zealand sent only goods (Muliaina 2001) while two thirds of remittances from Tuvaluans were in cash mainly because of the very considerable expense and difficulty in getting goods to the islands, though migrants would have preferred to send them (Simati and Gibson 2001).

In almost every case, remittances flow in both directions. Those sent from home countries are most likely to be food and handicrafts, and little is known about them. In some cases they are examples of traditional reciprocity; in others they are an attempt to elicit more remittances. Other than in the

exceptional case of parts of formerly American Micronesia, the formal market value of remittances from home is rarely comparable to that from migrants. Alexeyeff describes them as, "...a micro-example of the economic dependency that is seen to characterise the Cook Islands diaspora" (2004). In reality, however, these offerings have extraordinary symbolic and nostalgic value (Alexeyeff 2004). In Rotuma, Fiji Islands and almost certainly elsewhere, migrants preferred to receive goods from home since they represented time and effort and signified caring in a tangible form (Rensel 1993). Some Samoans in Auckland even claimed that they sent remittances in order to receive traditional goods including food (Muliaina 2001). Tongan women have sent substantial quantities of traditional wealth (*koloa*), mainly handicrafts, to migrant communities; in return migrant communities provide hospitality and significant cash payments (James 1997; Small 1995, 1997). Though the role of women in the production of handicraft goods for exchange is relegated to "the economy of affection," it is nevertheless an important component of small business enterprises and other commercial transactions (James 1997).

Groups from several countries, including Cook Islands and Samoa, regularly make travelling visits (*malaga*) to relatives overseas taking kava, mats, and food items. Rotumans (Rensel 1993) and other Fijians (Stanwix and Connell 1995; Scott 2003) also travel to migrant communities overseas to generate remittances or cash donations for domestic activities. These travelling cultural groups often give musical performances for financial benefit (James 1993). In recent years, the increased volume of goods remitted from Samoa and Tonga may represent both payments for goods sent from host countries and exports to be sold in host markets (Besnier 2004; Brown and Connell 1993). The extent to which remittances in kind from the Pacific island states are merely symbolic transfers, are stimuli for further remittances, or are part of an import-export system varies and is largely unknown.