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The Duration of Remittances

Almost every study of remittances and their rural-urban and international links suggests they will decline over time although few studies have evaluated to what extent or over what time period this might occur (Connell 1991). More recent studies have, however, shown that this generalization may not necessarily be true and that the period of sending remittances may actually be very long. Many studies have also not taken into account the significance of new electronic media that have transformed the nature of links and perhaps of remittance practices.

A decline in the level of remittances over time would nonetheless scarcely be surprising. Social ties and distant perceptions of needs and wants are likely to fade, successful migrants may be followed by others from the same family, initial targets (where they existed) will have been met, and local investment and expenditure will be more rewarding and necessary as the probability of return declines. Although migrants face a life cycle of obligations to their home areas, those obligations are likely to lose their immediacy, to compete with new obligations, and to be increasingly ignored (Fuka 1985).

Remittances are sustained over longer periods when the probability of return is greatest. The highest proportions of incomes remitted by Tongans in New Zealand were from those who had been there for fewer than 4 years, indicating that specific goals were expected of migrants and that new migrants were more likely to perceive migration as temporary (Fuka 1985). Similarly, in the village of Sa'asi in Samoa, temporary migrants comprised only 16% of the village's remitters but supplied almost one third of all remittance income.

Temporary migrants remitted more partly because many of their expenses were met by permanent migrants and partly because their temporary visas ensured that their return was imminent. Migrants permanently overseas were under less immediate pressure to remit, and they had also acquired financial commitments in New Zealand, hence their village commitments were less intense and less significant (Shankman 1976).

In one group of Samoans in Auckland, two thirds had decreased their remittances over time and a third had increased them (though the time period was not stated). Those who had decreased their remittances said the reasons included a reduction in take-home pay, increases in the cost of living, the

birth of additional children, the death of parents or close relatives on the home island, family reunification, and a change in marital status. Several of those who had remitted substantial sums as single women now saw their spouses and children absorbing their incomes. In contrast, those who increased their remittances saw this as responding to a greater number of requests from Samoa. Furthermore, if the remitter's children were adults, their demands were fewer so they could add to their remittances. For the whole of this group, some 95% were emphatic that they would continue to send remittances for the rest of their lives though they recognized that their children were already questioning their personal gains from the practice (Muliaiana 2001). In the context of long-term household migration such a pattern now appears relatively typical.

Two relatively detailed studies of remittance flows over time were conducted on overseas Tongans. The first was in Auckland and concluded that after 15 years, non-remitters became as numerous as remitters and that after 20 years, more than two thirds no longer remitted (Fuka 1985). However, the results are more complicated in that remittances tended to drop after 4 years of residence in New Zealand but rose again after a decade while those who were still remitting after 15-19 years actually sent the greatest amounts. However, the proportion of income sent showed a slightly more consistent decline from 19.6% for a residence period of fewer than 5 years to 12.9% after 20 years (Fuka 1985). The same pattern was found among Tongans in Sydney: the amount increased up to around 7 years but then began to decline although migrants who had been in Australia for more than 18 years still remitted (Tongamoia 1987).

Thus, for Tongans overseas, remittances did decline over time, but the manner in which this occurred, for whom, and why, is far from clear. A broadly similar pattern was reported for Tuvaluans in New Zealand where remittances were initially low (as migrants sought to get established and initially had low-paying jobs) and rose after 4 years. They appear to have been sustained for as long as 30 years (Simati and Gibson 2001) though few Tuvaluans have been in New Zealand that long. What was striking and was well documented for Cook Islanders and for Tongans (Loomis 1990) was the considerable time and high level at which remittances were maintained with only slight evidence of the anticipated decay though the number of migrants studied was too small to be statistically reliable. Nonetheless all suggest that time itself is certainly not the key variable.

These studies and others suggest that the two key variables that do influence the sustainability of remittances are permanent residence status of remitters in the host country and whether recipients had joined their relatives in the host country or had died. Where these events have occurred remittances

are virtually non-existent (Fuka 1995; Grieco 2003, 2004). In the case of Tuvaluans in New Zealand, not only was the presence of at least one parent in Tuvalu the principal factor influencing remittances, but remittances increased as family size in New Zealand increased (Simati and Gibson 2001) demonstrating both that households with higher disposable incomes remitted more and that remittances increased with the ability to remit. Generally, as in the case of Tongans in New Zealand and Fijians in Sydney (Fuka 1985; Stanwix and Connell 1995), the volume and regularity of remittances is a function of intent to return, though this seemed not to be the case for Tuvaluans (Simati and Gibson 2001).

Few studies of remittances have had large enough samples to be statistically valid. One of the only two large surveys of migrants from Pacific island states was carried out in Australia in the mid-1990s. Econometric analysis of cross-sectional data from a survey of Samoan and Tongan migrants in Brisbane and Sydney found that while the propensity to remit was negatively related to the age of the migrant, it was positively related to the migrant's length of absence from home (Walker and Brown 1995). More importantly there was little evidence of remittance decay to the extent that, "...none of the assumptions about migrants' remittance behaviour on which the doomsday, remittance-decay scenario is based, is valid [and] there is also much less cause for pessimism concerning the sustainability of remittance levels" (Brown 1998). As long as there was no change in the size of the migrant community, the aggregate level of remittances did not fall. In other words, migrants were highly likely to continue to meet the needs of those at home.

In contrast, Grieco's analysis of survey data on Micronesians (from FSM) in Guam and Hawaii demonstrates that there was remittance decay in terms of both the probability of remitting and the volume remitted. Remittance volumes were strongly correlated with household incomes and with family unification in the host country; households that participated heavily in migrant social networks and were less assimilated as measured by language choice were most likely to remit while those that had reunited in the host country or whose relatives at home had died were least likely (Grieco 2003). The conclusions were similar for Samoans and Tongans in Australia.

A further econometric analysis of the data on Samoan and Tongan migrant households in Australia in which one of the members was a nurse demonstrated that they sustained remittances at a very high level over a long period of time. Indeed a significantly higher proportion of households containing nurses both sent remittances and remitted more than average households while remittances from households without nurses showed a tendency to decline with time when all other characteristics were constant (Brown and Connell 2004). On the other hand, households with nurses were

ultimately less generous than other households in terms of the proportion of income that they remitted though the amounts were in excess of the cost of their training, and the proportion fell steadily as their income increased (Connell and Brown 2004). This suggests that after achieving a target, remittances no longer rise. There is no other data that disaggregates remittances by occupational group other than for seamen in Kiribati though there are various references to the inability of the most poorly paid to remit (Grieco 2003, Simati and Gibson 2001). Consequently the extent to which nurses are distinct from other groups is not clear.

Most remittances have primarily been given to parents or children and secondarily to brothers and sisters (Tongamoia 1987; James 1991; Fuka 1985; Rensel 1993). However in the distinct case of seafarers from Kiribati and Tuvalu, all of whom are male contract workers, a higher proportion goes to wives than to parents (Clark 2004; Borovnik 2003, 2004; Dennis 2003). Where migrants have children on the home island, as is often the case, then remittances are likely to be both substantial and sustained (Underhill 1989). Again, in the case of Tongans in New Zealand, those who remitted the most had close relatives in Tonga—wives, children, and parents. For Tongans in Sydney, parents were the major recipients, but brothers and sisters also received substantial sums whereas other kin received relatively little (Tongamoia 1987). In one Tongan village in Ha'apai, over 60% of remittances went from children to their parents and 10% went from husbands to their wives (Evans 1996; 2001). This kind of situation has been particularly well described in Tonga where the ideology of sacrifice and service due to parents is supported both by the traditional structure of Tongan culture and by Christian teaching (James 1997). Much the same is true in Samoa where Macpherson emphasizes that remittances are likely to dry up when parents die or join their kin overseas (1994). Remitting to the nuclear family is probably even more evident elsewhere, especially outside Polynesia where the volume is smaller.

The location of household members is thus highly critical for the flow of remittances. For Tongans in New Zealand there was a correlation between the number of dependents in Tonga and the size of remittances (Fuka 1995). Correspondingly, the larger the number of dependents in the host country, the less likely the migrant was to remit. Those who sent little from Auckland tended to have their parents in New Zealand, and those who sent nothing at all tended to comment, "We no longer remit because none of us are in Tonga." Similarly, while remittances to parents were, ... "whenever I have some spare money," those to siblings and grandparents were, ... "when they write and ask" (Fuka 1985). While this conflicts with the Tuvaluan case, the difference may be a function of overall time spent in New Zealand.

Younger overseas residents were less likely to remit. Amongst Tongans in Melbourne, very few under the age of 30 sent money or goods directly to Tonga, and even older migrants said that they sent goods only infrequently and intermittently. Few migrants sent remittances regularly; most preferred to wait until they received requests for money or goods for particular purposes while those who sent nothing stated that they had no family left in Tonga (Morton Lee 2004). Samoans in Auckland were even more blunt. None of the adult children who had been born in New Zealand or who had arrived as small children had been asked directly for remittances, but their parents had asked them to send some. Though they had not declined the requests, they, "...all admitted to the feeling of resentment to the remittance practice and said they would like to escape this obligation." Sixty percent of them had visited Samoa and believed there were development opportunities there, "...in the form of land and marine resources which their relatives appeared not to have noticed," and that too much of their remittances went into conspicuous consumption (Muliaina 2001). Tongans in Sydney had somewhat similar perspectives.

Generally in Tonga, it has been argued that the lack of close relatives at home is more likely to be the principal reason for low remittance levels rather than any loss of traditional customs among the second generation (Fuka, 1985). The limited available evidence on the remittance patterns of second generations indicates that, as Morton Lee (2003, 2004a,b) and Muliaina (2001) have emphasized, they respond only indirectly through the urgings of their parents and their sense of family, and they therefore contribute very limited sums. This is particularly significant as migration opportunities decline and the number of overseas born "islanders" becomes the majority. Thus overseas-born Tongans in New Zealand and in Melbourne (Morton Lee 2004b) along with Cook Islanders, Niueans, and others in New Zealand are now a majority rather than a minority. Not only does this probably mean that for all these groups their remittances are limited, but their social and economic ties are likely to increasingly be with each other rather than with home. Morton Lee has thus concluded that,

Unless there are profound changes in the relationship of the younger generations with the Tongan 'homeland' and in their sense of 'belonging,' the prospect of maintaining current levels of remittances is remote, which gives serious concern for Tonga's economic situation (2004b).

She further warned against the complacency of many people in Tonga and of institutions outside that remittances will continue into the indefinite

future (ibid). As overseas generations lose language and cultural skills, their sense of belonging must decline, and furthermore, there is no certainty that migrants' economic status will always improve.

The probability of remitting is related to attitudes to the needs of kin remaining at home, the number and location of kin and dependents, the attitude of migrants to overseas commitments, and the ability—in terms of employment status and income—to send remittances. It is apparent that, in some cases, migrants may respond so strongly to the perceived need for remittances that they defer purchasing a house as appears to have been the case for Tongans in the northern suburbs of Sydney (Faiva 1989). A range of household goods may also be foregone (Fuka 1995) and even retirement may be postponed (Muliaina 2001) to the extent that there is some degree of sacrifice. Indeed, 28% of Samoans in Auckland claimed that they had experienced financial stress because of remittances though none had ever avoided them. Moreover, all second generation Samoans in Auckland claimed that on at least one occasion meeting remittance requests had put them in arrears with mortgage payments (Muliaina 2001).

One of the inevitable outcomes of migration is marriage outside the ethnic group; around half of all marriages of Tongans in Australia involve partners who are not Tongan. In such circumstances the probability of sending remittances declines significantly as such couples are more likely to purchase homes and save money (Morton Lee 2004a, 2004b).

Gender plays an important role in remittances. Virtually without exception (where there are data) women tend to be more frequent remitters although they may lack the earning capacity to send the same amounts as men. Samoan and Tuvaluan women in New Zealand were specifically referred to as the most reliable remitters (Shankman 1976; Simati and Gibson 2001). Among Auckland Tongans, nonremitters were much more likely to be males. Although the average sum sent by men was higher than that of women, the latter sent 15% of their net incomes compared with 11% for men (Fuka 1985). The same situation occurs in other Polynesian countries and has been attributed to their social structures in which women have greater responsibility for maintaining the household. Women in general have a much better understanding of household needs throughout the Pacific (Stanwix and Connell 1995) and are more likely to respond to them. In Auckland it was women particularly who stressed that they had been selected by families to be migrants because they would more reliably remit large proportions of their incomes than untitled men would (Muliaina 2001). Tongan women are more likely to remit to sisters and daughters after the needs of parents have been satisfied (Gailey 1992a). Both female recipients and dispensers of remittances take responsibility for their investment decisions and their

management acumen appears to be strengthened as time passes (Fuka 1985; Latailakepa 1997).

Income levels as such appear not to be a significant determinant of the probability that migrants will remit, though more poorly paid (often more recent) migrants are less likely to do so. Though there is some relationship between income levels and the amount of remittances (Walker and Brown 1995; cf. Brown 1998), other factors, particularly employment status, appear to be more important. Similarly, the relationship between remittance flows and broadly defined development or need in home areas is unknown. Though it is apparent that remittances are often sent in response to requests, these may not necessarily reflect need, though they are often substantial in the wake of natural disasters.

Overall, for Tongans in Auckland, the strongest influences on remittance flows were residential status, frequency of return trips (which may reflect both social ties and perceptions of need) and whether migrants expected to remain in New Zealand or return to Tonga (Fuka 1985). As in the case of Tongans and Samoans in Australia, there was also a correlation between the intent to return and the level of remittances, while intending returnees also accumulated more financial capital at home (Ahlburg and Brown 1998). In this context as in most others, migrant remittances displayed components of both altruism and self-interest. At least for Tonga, James (1997) prefers to see all remittances as the outcome of a “contract” rather than altruism, while Brown and Poirine (2004) argue somewhat similarly that remittances are neither a function of pure altruism or pure self-interest but are better explained as “impure altruism.”

The bulk of studies of long-term migration point to shifts in remittances that increasingly favor the interests of the remitters. Initially remittances are sent to parents which is clearly the case in the Pacific, and in an economic sense can be seen as repayment for their past investment in the human capital of the migrant. In a social sense, this is usually expressed as duty, loyalty, and maintenance of family ties. A second wave of remittances is subsequently more likely to be dominated by brothers and sisters and by children; this phase may also correspond with a decline in volume. Indeed, decline following the death of parents seems ubiquitous (e.g. Muliaina 2001). That phase can be seen as an investment in the human capital of the next generation (Brown and Poirine 2004). The third and final phase represents payments to spouses and indirectly (via investment) to the remitters themselves, as return migration and/or retirement approach. In Kiribati (and probably Tuvalu), this takes a different form as the actual distribution of remittances from seafarers to wives or parents is relatively unchanged over time, but greater sums are placed in the seafarers’ personal accounts to be used for investment, usually in houses or land, rather than for immediate spending (Borovnik 2004).