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A Juxtaposed Relationship: Analyzing the Impacts of Migrants' Remittances to Sub-Saharan Africa in the 21st Century

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Abstract:

The purpose of this paper is to examine the impacts of labour migrants' remittances to Sub-Saharan Africa (SSA) in the twenty-first century. First it argues that migrants' remittances have led to recent economic, social and political consequences in the region. Following this discussion, it analyses the juxtaposition of the short-term "positive" benefits of migrants' remittances and their potential long-term "negative" consequences. More specifically, the short-term gains of migrants' remittances, notably the economic benefits in terms of increased consumption facilitating economic development, the social benefits with regards to increasing children's ability to attend school and the political benefits namely increased co-operation between states, appear to be laying the roots for future concerns. In the long run, migrants' remittances may foster economic dependence on foreign revenue, fail to harness invested human capital and, promulgate disengagement in political affairs.

Résumé :

Le but de cet essai est d'examiner les impacts des envois de fonds des travailleurs étrangers vers l'Afrique subsaharienne au cours du vingt-et-unième siècle. D'abord, il fait valoir que ces envois de fonds ont eu de récentes conséquences économiques, sociales et politiques dans la région. Après cette discussion, il analyse la juxtaposition de leurs avantages "positifs" à court terme et de leurs potentielles conséquences "négatives" à long terme. Plus précisément, les gains à court terme des envois de fonds des migrants, notamment les avantages économiques en termes d'augmentation de la consommation facilitant le développement économique, les prestations sociales en ce qui concerne l'augmentation de la capacité des enfants à aller à l'école et les avantages politiques à savoir la coopération accrue entre les Etats, semblent développer les racines de préoccupations futures. À long terme, les envois de fonds des migrants peuvent favoriser la dépendance économique sur les revenus étrangers, échouer à maitriser le capital humain investi et, promulguer le désengagement dans les affaires politiques.

This paper seeks to examine the impacts of labour migrants' remittances to Sub-Saharan Africa (SSA) in the twenty-first century. It will first be argued that migrants' remittances have had, in the context of the new millennium, economic, social and political consequences within the region.[1] It will then be suggested that migrants' remittances have created a disjunction between the perceived positive, short-term benefits and the potential negative, long run consequences for both SSA and its people. The transfer of payments from migrants to households within SSA appears to be creating a situation where the immediate gains lay the foundation for future ramifications.

This paper will begin by defining several technical terms and by providing some brief contextual information. Next, it will be shown that migrants' remittances to SSA since the twenty-first century have or will economically impact the region, notably by increasing domestic households' financial resources in the short-term and by devastating future economic development in the long run. The social impacts of migrants' remittances, with a specific focus on the welfare of children, in terms of their ability to attend school, will then be discussed. It will be argued that migrants' remittances have proved to increase children's ability to attend school, yet the lack of (perceived) opportunity within the region may not allow SSA to benefit from its investment in human capital. In addition, migrants' remittances to SSA since the new millennium will be shown to have had political repercussions, specifically in strengthening current political ties abroad and also through fostering a lack of willingness for SSA citizens to be involved and engaged in the state's (future) affairs.

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[1] Note that, for the purpose of this paper, "economic" impacts will refer to those variables, which affect the economy or economic development. In addition, "social" impacts in this paper will focus exclusively on the social welfare of children (in terms of improving their ability to attend school) and the (social) implications this has on society at large. Lastly, "political" impacts will be considered as those outcomes, which affect the political realm, namely relationships between countries as well as the relationship between an individual state and its citizens.

Technical Terms

In order to avoid any ambiguity, the definition of several key terms to be employed throughout this paper will first be provided. For example, "labour migrants" are citizens of a country, and also usually members of a household, that work abroad for a month at minimum.[2] "Remittances", to be used interchangeably with "transfer payments from abroad", are financial assets sent by labour migrants to their home country which are destined to a specific household. Consequently, a "remittance class" is a group of people who, to some extent, depend on remittances for their livelihood.[3] In addition, references made to households' "basic needs," "subsistence needs" or "essential goods and services" refer to human needs that are fundamental for survival and "well-being", such as food, clothing, shelter, fuel, education, health and transportation services.[4]

Contextual Information

The primary theory underlying migration, as discussed in this paper, is the New Economics of Labour Migration Theory. Under this paradigm, decisions to migrate are said to be made collectively by families in order to diversify household risk and income in order to maximize (economic) welfare.[5] "Rational" migrants will then send remittances home with the intent of improving their household's livelihood.[6]

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[2] Yao Lu and Donald J. Treiman, "Migration, Remittances and Educational Stratification among Blacks in Apartheid and Post-Apartheid South Africa," Social Forces 89, no. 4 (2011): 1136, accessed 11 Nov. 2011, http://go.galegroup.com.ezproxy.library.yorku.ca/ps/retrieve.

[3] Ebenezer Obadare and Wale Adebanwi, "Transnational Resource Flow and the Paradoxes of Belonging: Redirecting the Debate on Transnationalism, Remittances, State and Citizenship in Africa," Review of African Political Economy 36, no. 122 (2009): 501, accessed 11 Nov. 2011, http://www.tandfonline.com.ezproxy.library.yorku.ca/doi/pdf/10.1080/03056240903346129.

[4] Belinda Dodson et al., Gender, Migration and Remittances in Southern Africa (Kingston: Queen's University, 2008), 35.

[5] Lu and Treiman, 1121; Claude Sumata, "Migradollars and Poverty Alleviation Strategy Issues in Congo (DRC)," Review of African Political Economy 29, no. 93-94 (2002): 620-1, accessed 11 Nov. 2011,

The proceeding remarks and statistics are intended to provide some context to migrants' remittances to SSA since 2000. For example, in 2002, the dollar value of remittances to SSA, estimated at approximately 1.3% of the region's Gross Domestic Product (GDP), was 4 billion U.S. dollars and 7 billion U.S. dollars by 2005.[7] In addition, remittances to the region have been said to have increased by more than 55% from 2000 to 2005.[8] Relative to their GDP, SSA has been labelled as the third largest recipient of global remittances.[9] Finally, it is worth remarking that predominant shares of the remittances households received are directed toward financing basic needs, particularly the immediate consumption of foodstuffs, basic services and health care.[10]

Economic Impacts

Through sending remittances, labour migrants become inadvertently economically affiliated to SSA and, by extension, become directly involved in the region's short-term economic development. It appears that increased transfer payments from abroad since 2000 have become increasingly crucial to the economic development of SSA by providing the financial means to

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http://onlinelibrary.wiley.com.ezproxy.library.yorku.ca/doi/10.1111/j.14682486.2006.00553.x/pdf.

[6] Lu and Treiman, 1121, 1138.

[7] Flore Gubert, "Migrant Remittances and their Impact on Development in the Home Economies: The Case of Africa," in Migration, Remittances and Development, ed. Organization for Economic Co-operation and Development (OECD Publishing, 2005), 43; Obadare and Adebanwi, 503.

[8] Obadare and Adebanwi, 503.

[9] Ibid.

[10] Stuart S. Brown, "Can Remittances Spur Development? A Critical Survey," International Studies Review 8, no. 1 (2006): 61, accessed 11 Nov. 2011, http://onlinelibrary.wiley.com.ezproxy.library.yorku.ca/doi/10.1111/j.1468-2486.2006.
00553.x/pdf; Siyanbola Tomori and Michael A. Adebiyi, "Migrants' Remittances and the Nigerian Economy: Theoretical and Impact Issues," in Towards Africa's Renewal, ed. Jeggan C. Senghor et al. (Aldershot: Ashgate Publishing Limited, 2007), 297-9; Dodson et al., 34-6, 38, 44; "Remittances: Determinants and Implications for Development," in Making Migration a Development Factor: The Case of North and West Africa, ed. International Institute for Labour Studies (Geneva: International Institute for Labour Studies, 2010), 63, 81.

increase domestic consumption.[11] This may be the case if, once remittance-receiving households have satisfied their subsistence needs, additional finances are used for social and economic investment within the household and throughout the local community.[12] For example, it was found that Senegalese households that receive remittances relative to other households that did not receive financial assistance have a higher propensity to consume and are also more likely to save and invest in their local economy.[13] As a result, migrants' remittances, given that they provide an alternative way for citizens to finance investment by serving as a substitute or complement to domestic revenue, can promote (short-term) economic development.

Owing to the fact that migrant remittances represent a major inflow of capital for small and/or local enterprises, remittances to SSA can additionally be seen as encouraging and facilitating local entrepreneurial activity.[14] Under this analysis, migrants' remittances to SSA may "positively" impact the region's (short-term) economic development through encouraging domestic and foreign participation in the region's economy. In other words, provided that the additional funds from remittances serve as the start-up capital for small-scale businesses, migrants' remittances can encourage local investment within the region.[15]

Given the above, SSA's reliance on remittances may also "negatively" impact the region economically in the long-run, as excessive reliance on transfers from abroad may cause individual countries within SSA to postpone or avoid (necessary) structural reform.[16] Consequently, not only may SSA be more vulnerable to economic downturn, but domestic public

[11] Sumata, 621; Senghor et al., 297, 304; Dodson et al., 27, 29, 34-5.
[12] Senghor et al., 297.
[13] Sumata, 621; Senghor et al., 297-9.
[14] Sumata, 627; Brown, 57.
[15] Brown, 57; David de Ferranti and Anthony J. Ody, "What Can Remittances and Other Migrant Flows Do For Equitable Development?" in Diasporas and Development, ed. Barbara J. Merz et al. (Cambridge: Harvard University Press, 2007), 68; International Institute for Labour Studies, 63.
[16] International Institute for Labour Studies, 63

resources may also become inefficiently allocated if there is little or no incentive to address economic issues.[17] A second possible negative economic impact of migrants' remittances to SSA may arise if citizens become dependent on remittances as a source of household income to such an extent that they become unwilling to work. In other words, remittance flows (in so far as they act as a substitute for labour income) may very well reduce the labour supply and work effort within SSA.[18] Of course, this would not stimulate economic development, but would only further SSA's dependency from abroad for household income.

Overall, it seems that migrants' remittances to SSA since 2000 have had short-term economic impacts within the region, mainly in terms of increasing households' consumption habits, which has inadvertently expanded (local) SSA economies and promoted economic development. However, it also appears that labour migrants' remittances to SSA, granted that they provide short-term economic benefits, are laying the foundation for regional foreign economic dependence and thereby impeding development.

Social Impacts

Arguably, migrant remittances to SSA since 2000 have generated social impacts related to the welfare of children in terms of improving their ability to attend school. That is, migrants' remittances tend to assist families living in SSA with covering the costs related to financing children's' education, such as school fees, books, etc.[19] Moreover, transfer payments from abroad can directly impact children living in SSA by alleviating the burden often placed on them in

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[17] Ibid.
[18] Senghor et al., 308; Brown, 66-7.
[19] Lu and Treiman, 1122, 1133; Brown, 61-2; Merz et al., 68.

providing financially for the household.[20] Given that remittances can mitigate time and energy constraints on SSA households, demand for child labour appears to be reduced in remittance-receiving households compared to other households that do not receive remittances.[21]

By extension, the alleviation of financial constraints may also reduce interfamilial educational inequalities and socio-economic inequalities in SSA school enrolment. In other words, remittances can further contribute to households' social welfare by reducing gender inequalities and disparities if all children, rather than strictly males, are given the opportunity to attend school.[22]

The reduced pressure and need for children to financially support their family can further contribute to children's' short-term well-being if it enables them to focus more time and energy on their education. Here, data suggests that both urban and rural families receiving remittances since 2000, opposed to households with no labour migrants or households with labour migrants that were not receiving remittances, were substantially more likely (by approximately two times) to have and to keep their children in school.[23]

In terms of investing in an individual's intellectual skills and abilities, increasing the amount of children attending school can be regarded as a human capital investment made by SSA households. Here, however, the phenomenon of a "brain drain", the emigration of qualified professionals from developing countries and the subsequent loss of human capital more rapidly than it can be replaced, opposed to a "brain gain," may prove to be a future social ramification of migrants' remittances to SSA.[24] As previously discussed, perceptions regarding the financial success of labour migrants abroad may induce educated children to also migrate in order to

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[20] Lu and Treiman, 1122, 1133; Brown, 61-2.
[21] Lu and Treiman, 1122, 1133; Brown, 61-2.
[22] Lu and Treiman, 1134, 1139.
[23] Ibid., 1128-31, 1134.
[24] Senghor, 296.

achieve similar "successes". Unable to reap or gain from the social benefits initially invested in by SSA households made possible by migrants' remittances, the long-term impact of remittances may prove to deprive the region from the human capital it arguably needs. This trend may already have begun, and can be substantiated with the migration of Nigerian doctors to the U.S.A. Following a study from the United Nations Development Program (UNDP), it was found that more than 21,000 Nigerian doctors reside in the U.S.A., despite the fact that Nigeria is itself severely lacking medical personnel.[25]

Juxtaposing short- and long-term regional impacts, labour migrants' remittances to SSA may be creating a social disjunction. Although remittances have arguably increased social welfare in the short-term—by increasing the number of children who are able to attend school—it is uncertain whether long-term social benefits will also arise. The possibility of a SSA brain drain, which would thereby lessen the region's ability to reap the social benefits of the human capital it invested in, must be considered.

Political Impacts

In the context of the new millennium, labour migrants' remittances to SSA can be viewed as having certain political impacts. If migrants are financially connected to the regional economy of SSA, a certain bond may be formulated between migrants' country of work, generally a "developed" country, and their country of origin. As a result, migrants' remittances to SSA, if viewed as foreign investment and the transfer of capital and trade, may result in strengthened political relationships or bonds formed (in the short-term) between the SSA countries sending

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[25] Ibid.

and those countries receiving migrants.[26] Such relations, for example, may be manifested in formal or informal agreements or policy initiatives taken to facilitate or encourage the flow labour migrants and funds. Undoubtedly, both the sending countries, viewing migrants as means to increasing short-term domestic economic development, and the receiving countries, recognizing that migrants tend to hold jobs undesired by locals, may regard migrants as "agents of development" who facilitate co-operation between their respective home and host countries.[27]

However, future political strife in SSA in the long-term may be a "negative" consequence of migrants' remittances, especially if "disaffection" between SSA countries and citizens arises. In turn, disaffection may give rise to a "sovereignty gap" and foster citizens' perception of estrangement from the state.[28] For example, increased remittances, in terms of the volume as well as the dollar amount sent from abroad may promote SSA citizens' perceptions of "wealth" and "opportunity" abroad.[29] As a result, SSA citizens who either have family or friends abroad sending remittances or know of others who are benefiting from remittances may come to feel a sense of civic disappointment and thereby develop an "appetite for elsewhere".[30] As discussed above, a growing number of households within SSA have come to rely heavily on remittances in order to provide their basic needs. Not being able to realize or attain such opportunities in their country, the remittance class of SSA may gradually come to feel that their individual state is not able to serve and provide for their needs, thus creating negative (and severe) long-term socio-political consequences.[31]

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[26] Sumata, 625.
[27] Senghor et al., 297.
[28] Obadare and Adebanwi, 500, 508.
[29] Ibid., 509.
[30] Ibid.
[31] Ibid., 500-3, 507.

As a case study, feelings of civic disappointment within Nigeria can be used to further this claim. Although quantifying feelings of citizenship or civic culture is arguably difficult, it can be said that remittances sent to this country have already begun to act as an impediment to (rather than a facilitator of) feelings of genuine citizenship and civic culture to the home country. More specifically, Nigerian citizens' dependence on migrants' remittances for various provisions such as education, health and housing has introduced notions of "withdrawal of faith in the state" amongst the country's population.[32] Consequently, it can be suggested that increased feelings of detachment or disloyalty to the domestic country may foster a lack of interest or motivation within SSA citizens to "improve" or change domestic conditions such as ameliorations to local infrastructure, public health, education or the economy, and can thereby lessen individuals' sense of "moral obligation" to their homeland.[33]

Overall, it appears that there is a certain tension created by the political impacts of migrants' remittances to SSA in the twenty-first century. Although increased financial flows from abroad have the potential to encourage co-operation between SSA states and countries receiving labour migrants in the short-run, the political implications resulting from remittance dependency may prove to have damaging and devastating political ramifications in the long run.

Critical Reflection

First and foremost, the sources examined for this paper wildly acknowledge that there is currently a lack of concrete empirical evidence with regards to the impacts of migrants' remittances' to Sub-Saharan Africa in the twenty-first century.[34] As a result, the arguments provided regarding

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[32] Ibid., 509, 512.
[33] Ibid., 507, 512; Brown, 64.
[34] Merz et al., 67, 69; International Institute for Labour Studies, 81.

impacts of migrants' remittances to SSA since 2000, regardless if they are perceived to be "positive" or "negative" for either the short or long-term, are, to a certain extent, products of guesswork.

In addition, many countries within SSA do not have the statistical tools to evaluate remittances and their local impacts.[35] As a result, information regarding the dollar value of transfers and the use of remittances in household's budgets is unknown for many SSA countries, which compounds the extent of uncertainty concerning the impacts described in this paper. Moreover, the empirical information gathered, specifically regarding the dollar value of migrants' remittances to households in SSA, the use of remittances and the impact of remittances on GDP, is likely to be unrepresentative of the true flow of remittances. Based on the sources examined, it is generally agreed that the share of transfers sent via informal channels is likely to be high, so that the true dollar amount of migrants' remittances is underestimated, granted that official records only take into consideration legal transfer channels.[36]

Finally, this paper examining the impacts of remittances in the region of SSA, rather than a more defined region or an individual African country, may be limiting. In other words, treating SSA, which is a diverse region of various characteristics and identities, as a whole and arguing that similar impacts are or will be observed across the region was a shortcoming of the above analysis.

Conclusion

Overall, there appears to be a disjunction between the perceived short-term benefits and the potential long-run consequences of remittances for SSA and its citizens in the context of the

[35] Gubert, 43.
[36] Ibid., 42-43; Senghor et al., 205

twenty-first century. This paper highlighted how (perceived) short-term gains of migrants' remittances, notably the economic benefits in terms of increased consumption facilitating economic development, social benefits with regards to increasing children's ability to attend school and political benefits namely increased co-operation between states, appear to be laying the roots for future economic consequences. This is noted notably through economic dependence on foreign revenue as a source of households' income, social losses in terms being unable to utilize invested human capital and political strife through citizens' withdrawal of faith in their state.

To conclude, this paper sought to demonstrate how the economic, social and political impacts of labour migrants' remittances have created favourable conditions to future tension within SSA in the twenty-first century. A definition of several key terms that were employed and a brief contextual background of the issue were first provided, followed by an analysis of the short and long run economic, social and political ramifications of labour migrants' remittances then ensued. Lastly, this paper critically assessed and examined the "validity" of the data used to support the arguments made. Here, it should be noted that further research might contribute to the current lack of concrete empirical evidence regarding the consequences of remittances. More specifically, continued research may reveal alternative policy options or directives that SSA should consider or adopt in order to fully harness the perceived short-term benefits and avoid potential negative long-term consequences. Above all, if these policies were pursed and successfully implemented, their outcomes have the potential to significantly impact the lives of individuals across Sub-Saharan Africa.

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