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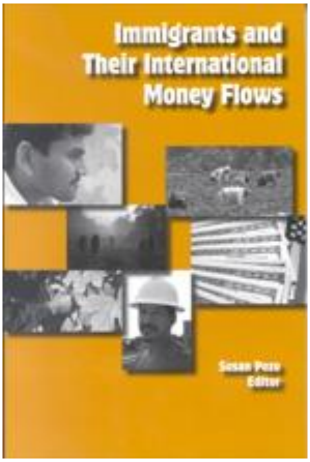

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The Power of Home

Remittances to Families and Communities

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The past two decades have seen a rapid increase in the value of international migrant remittances; in 2005, their value worldwide conservatively was estimated at $167 billion per year (World Bank 2005). In many cases, these remittances represent a substantial percentage of a migrant-sending country's income and overshadow the official development aid sent from other countries. This has led to research that attempts to determine the effects of remittances on economic development; it has also led to government efforts to encourage the use of remittances for development projects. The body of research is largely inconclusive, as some studies show positive effects and some show that remittances have no effect or negative effects on development. This chapter makes the case that a more complete consideration of the different types of migration around the world, and of the role of social institutions in influencing motivations for remittances, can help us understand these contradictory findings. I develop a typology of migration-remittance systems based on a consideration of social institutions, and I present examples of each type. I conclude with some thoughts about how to construct a theory of the process linking migration and remittances that will predict the future volume of remittances and their effects on economic development.

Past research has focused less on this complete process and more on either the motivations of individual migrants or the uses and effects of remittances. The literature on remittances in the 1970s and 1980s looks at remittances from temporary migrants to their wives, children, and parents in their home communities (Dinerman 1978; Reichert 1981; Rempel and Lobdell 1978; Rubenstein 1992; Weist 1984). The migrants studied were primarily adult male heads of household who had left their fellow household members behind in the home communities. Researchers in this tradition often focused on the ways in which remittances were spent. They argued that migration was motivated by a lack of employment or a low financial return to agriculture in home communities. Migrants left in order to earn money to meet the family's current consumption needs. Therefore, virtually all of the remittances were spent on consumption. These studies are largely pessimistic about the potential for remittances to contribute to the economic development of the home communities. In the words of Joshua Reichert (1981, p. 64), migration "actually serves to maintain (if not increase) the very conditions of underdevelopment, underemployment, and unequal distribution of capital resources that make migration necessary in the first place."

In contrast, the 1990s and early 2000s saw the expansion of a more nuanced approach to remittances, which largely followed the New Economics of Labor Migration (NELM) approach to migration (Stark 1991; Stark and Bloom 1985; Stark and Lucas 1988; Taylor 1992, 1999; Taylor, Rozelle, and de Brauw 2003). NELM sees migration as a response to market failures in developing countries and remittances as part and parcel of the migration process. Migrants leave in large part in order to generate remittances for their home households. The remittances allow the home households to meet consumption needs when other income sources fail, and the remittances also provide them with cash for large purchases. These remittances thus substitute for insurance, smoothing consumption and allowing the home household to undertake riskier agricultural endeavors. They substitute as well for credit markets, allowing the household to make investments that would otherwise be impossible. Researchers in this tradition have, in particular, examined the effects of remittances by considering whole household budgets rather than only considering the way the remittances themselves are spent. Their research shows that remittances loosen household budget constraints, allowing for productive investment as well as increases in consumption (Taylor and Wyatt 1996).

Within this tradition, research has also challenged the pessimistic view of the effects of remittances that are spent on consumption (Durand et al. 1996; Durand, Parrado, and Massey 1996; Massey and Parrado 1994). Migrant-sending households use some of the remittances that are spent on consumption for purchase of local and regional products and services. This spending then drives local and regional economic growth by increasing demand for products and services. Estimates of the multiplier effect of remittances—the amount that the economy grows as a result of each dollar remitted—show the importance of remittances for economic growth in migrant-sending countries (Taylor 1999; Taylor et al. 1996; World Bank 2005). However, the effect of remittances on home communities is less clear, as it depends on how much of the spending of remittances goes for consumer goods from elsewhere in the country or from the migration destinations.

At the same time, other researchers were focusing on individual motivations for remittances, generally within a framework of comparing altruistic motivations to contractual (or exchange) motivations (Agarwal and Horowitz 2002; Hoddinott 1994; Lucas and Stark 1985; Secondi 1997; Stark 1999; Stark and Lucas 1988; VanWey 2004). This research finds that remittance (and migration) patterns vary with the individual characteristics of the migrant. The gender of the migrant, for instance, has important implications for how much and what type of remittance is sent (Curran and Rivero-Fuentes 2003; de la Brière et al. 2002; Osaki 1999; Semyonov and Gorodzeisky 2005; VanWey 2004). The length of migration (Brown 1998) and the age and marital status of the migrant also significantly affect the propensity to remit. While these and other studies take the NELM approach of examining the reasons for the decision to migrate, they also pay attention to the social and cultural context in order to understand who remits, when, and how much. Social networks affect both the pressure to remit and the ability to remit (Roberts and Morris 2003), while social norms influence the expectation by the migrant and the family that a particular type of migrant will remit (Osaki 1999; VanWey 2004). This research also generates debate, in this case about the motivations for remittances. Some studies find support for altruistic motivations, while others find only support for exchange motivations.

Since approximately the turn of the century researchers have been examining a relatively new form of remittance, sometimes called "collective remittances" (Goldring 2004) and sometimes called "social remittances" (Alarcon 2002). These are remittances collected by a group of migrants in a shared destination and returned to their home community for some sort of community project. These projects include social events (such as rodeos and festivals honoring patron saints), infrastructure projects (paving roads, constructing or repairing buildings, installing sewer service), and scholarships for schoolchildren (DeSipio 2002). These have been most extensively studied in modern-day Mexico (Goldring 2004), but this form of remittance is also found in other countries and other eras (Foner 2000; Mohan 2002; Mohan and Zack-Williams 2002).

There are inconsistent findings about the causes and consequences of this form of remittance as well. Cohen (2001) argues that migrants provide these remittances in order to improve their social status in the home community and not out of any altruistic motive. Others contend that migrants are motivated by a concern for the welfare of their home community and by a desire to give back to the community (de la Garza and Lowell 2002). The Mexican government is banking on the second motivation and is encouraging migrants to act on it even more: the government has begun a policy of providing matching funds for remittances sent back for community projects.

Even more vigorously debated is the effect of these projects on community development. Binford (2003) argues that these community projects do not always benefit the whole community, and that often the projects are social in nature and thus have no lasting impact on the community. At the same time, others hold that these projects have positive effects on their own and that they build capacity in the communities. By organizing to complete a project, particularly one that requires interacting with the government to get matching funds, communities develop organizational skills that were not present previously (Díaz-Briquets and Pérez-López 1997; Vertovec 2004).

This chapter seeks to understand the reasons for some of the variation in results researchers have found concerning the motivations of migrants to remit and the effects of remittances on economic development. I argue that social institutions in the home community and the institutionalization of the migration process have important effects on the economic actions of individual migrants. Migration and remittance have traditionally been considered to be individual decisions, motivated by economic concerns. Most simply put, individuals move to places where they expect to make the most money over the long term (Massey and García España 1987; Todaro 1969). Remittances belie the focus on individuals by showing that migration can be a household or a family decision (Stark and Lucas 1988). However, this focus on individuals versus households, with some additional consideration of economic context, has led to contradictory arguments about motivations for remittances, about the levels of remittances to be expected, and about the effects of remittances on development. Given the particular importance of social institutions in influencing gendered family roles and migration (described in the next section), I propose a typology of migration-remittance systems that have distinct underlying rationales and effects on economic development in the home community. In this chapter, I argue that a more careful consideration of the type of migrants coming from a community (a factor that is based in some part on how well developed migration streams are), and of the social institutions in that community, will clarify some of the contradictions.

THE IMPORTANCE OF SOCIAL INSTITUTIONS

All migrants are someone's child, spouse, or parent. The organization of the family and the expectations of individuals filling various roles in the family influence both migration and remittances. The expectations regarding the behavior of individuals in various roles (parent, child, spouse) are also determined by the gender expectations of the community (or country). The combination of gender and family position determines both the ability of an individual to migrate and the expectations of support from any given individual to various others in the family. For example, in many countries social rules indicate that unmarried daughters cannot work (or sometimes even travel) outside the home without supervision by fathers or other male relatives. Often, social rules dictate that one spouse cares for the home while the other provides financial or subsistence support. Similarly, societies vary in the extent to which unmarried children old enough to migrate are expected to contribute domestic work or income to their parents' household. Flows of money and other forms of support from parents to married children or vice versa are also structured by social norms, and strong norms of filial support for aging parents are common in many high-migration societies. Such norms are also gendered: social norms often indicate that support for parents is provided by one particular child (e.g., the youngest daughter, the oldest son) or by one gender of child. Research shows that this often leads to differential investment by parents, as parents give more support to the child who is expected to later support them.

The institutions developed around the migration process itself also have important implications for understanding remittances. As migration becomes more common in a community, the process becomes institutionalized, with widely known procedures and widespread opportunity for migration (Massey 1990; Massey et al. 1994). This leads both to expansion of opportunity to migrate regardless of differences in wealth and education and to more organization of migrants in the destination areas. As the migration stream focuses on one or a few destinations and the population of migrants from a common home community and having common experiences grows, migrants in destinations form organizations based on common home communities (hometown associations). These associations then partially structure the way in which migrants interact with their home communities, affecting the types, amounts, and uses of remittances that they send.

A TYPOLOGY OF MIGRATION-REMITTANCE SYSTEMS

Because of the importance of the roles that migrants or potential migrants play in their families, the typology I propose here focuses in part on the changing types of migrants in terms of their family statuses. The first type of migration-remittance system is a system in which the majority of migrants are male heads of household, the traditional breadwinners in most migrant-sending societies. The second type of system is one in which the majority of migrants are young adults leaving their parents' home to migrate before they have begun to form their own families. The third is a system in which migration is widespread among most types of people in a community. In this type, migration is common enough that hometown associations have formed in the destination, and exchanges of people, ideas, and money between home and destination are common. In this next section, I describe the underlying logic of the migration and remittance decisions for each type and then provide an example of each system from past research.

Migrant Male Heads of Household

The early research on international migrants and their remittances, based largely on international migration from Mexico to the United States, argued that men were leaving their wives and children in their home communities in order to earn money to support them (Dinerman 1978; Massey et al. 1987; Reichert 1981; Weist 1984). These migrants were characterized as target earners who came to the United States to earn money because of a shortage of well-paying jobs in their home communities. Once they earned the target amount—whether it be for consumption for the next year, for a house, or for a piece of land—they returned to their families. The logic underlying this type of migration and remittance is simple: men in migrant-sending regions are unable to earn enough money to start a family (which involves the purchase of materials to build a house and the purchase of a piece of land to begin farming) or to continue supporting their family (either through earning a regular income or by investing in a new business or improvements to their farm).

Migration is an attractive alternative because of the large amounts (relative to the incomes in the home community) that can be earned in relatively short periods of time. Migration becomes most attractive when wages are low or unemployment is high in the home community (Todaro 1969), but it also springs from a failure in certain key economic markets (Stark and Bloom 1985). In particular, most migrant-sending regions have no functional credit or insurance markets. Couples cannot buy a house on credit when they get married; they must have the money in hand. Similarly, new farm machinery or inventory for a new small business must be purchased with cash. Insurance against high health care costs, the failure of crops, and unexpected unemployment is similarly unavailable, making families vulnerable to a dramatic decline in standard of living following these events. To overcome these market failures, to get cash for planned or unplanned expenses, men migrate for short periods to earn specified amounts of money.

The reasoning (based on the migrant's gender-specific role in the family) that motivates these men to both migrate and send (or bring) remittances to their homes is the same reasoning that motivates them to get any sort of job and spend the income on family needs. In Mexico, the majority of migrants have traditionally been men because of norms about appropriate behavior for men and women. Men are expected to support their families by working outside the home and bringing home income. Thus, men not only are expected to earn income, but they have greater freedom of movement outside of the home, making them the clear choice for migration. Following this logic, it is also a foregone conclusion that men will send or bring money home. They migrate solely for the purpose of earning money, and they will be viewed as having failed to support their families if they are not able to send or bring money home.

Massey and colleagues provide clear descriptions of this type of migration from four communities in western Mexico in their book *Return to Aztlán* (Massey et al. 1987) and in later works (Durand, Parrado, and Massey 1996; Massey and Parrado 1994; Parrado 2004). They show that the lifetime probability of migration is very high for men in their study communities, the result of a predictable pattern of migration over the lives of these men. Massey et al. (1987, p. 200) find that "active migration begins at a high level among young unmarried men, falls after marriage, rises with the arrival of children, and then falls again as the children mature and leave home. In short, over the course of a man's life cycle, active migration rises and falls depending on family needs, while the number with migrant experience steadily grows."

The level of migration varies from community to community, depending on economic conditions, but the pattern over the life cycle holds across communities. Parrado (2004) finds that getting the money necessary to set up an independent household is a strong motivator for migration among young men. Massey and Parrado (1994) also find high rates of remitting among migrant household heads (as opposed to unmarried migrants). Using an updated set of survey data covering 22 communities, they estimate that 73 percent of household heads remitted during their last trip to the United States (p. 11), while 58 percent brought money back when they returned (p. 14).

Migrant Children

The second type of migration and remittance in my typology involves the migration of adult children out of their parents' households and their home communities. Like the first type, these moves are often planned as temporary moves, in which children come to work in urban areas or international destinations for a short period of time between stopping school and marrying. Thus the money that they send back is sent to their parents rather than to spouses or children. This type of migration has been extensively studied in Southeast Asia (Elmhirst 2002; Lauby and Stark 1988; Osaki 1999; Trager 1988; VanWey 2004) and in Africa (Hoddinott 1994; Lucas and Stark 1985; Oberai and Singh 1980; Stark and Lucas 1988), and it forms the basis for most of the theorizing about the motivations of individuals to remit.

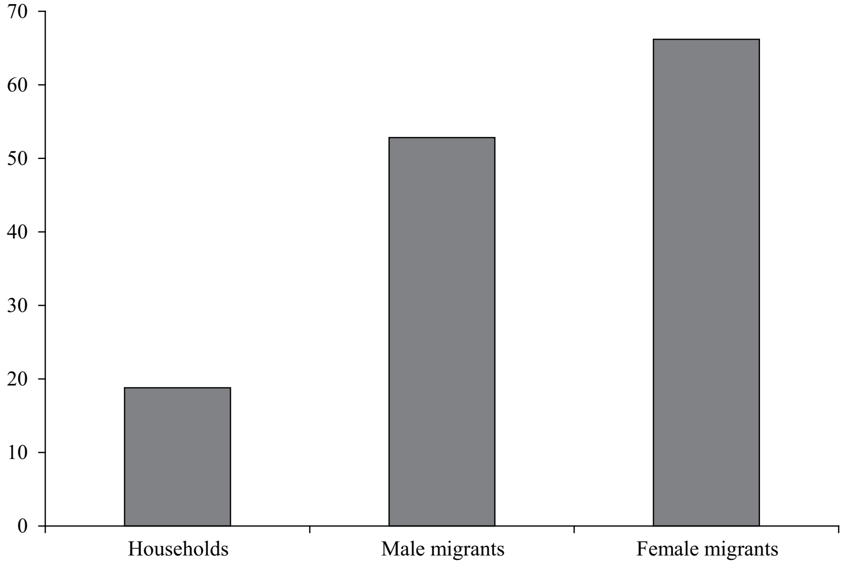
This type of migration decision follows a different logic from that of the decision of male household heads. Theorists have argued that the decision for these children to migrate is at least partly a household decision, in which parents allocate themselves and their still-dependent children to local or nonlocal employment in order to minimize risk and smooth consumption (Massey et al. 1993; Stark and Lucas 1988). Thus the expectation of remittances on the part of the home household is an integral part of the migration decision. The home households are generally in areas where they face imperfectly functioning or absent markets, leading to a lack of affordable credit and to a lack of insurance against crop failures or price fluctuations. By being employed off-farm, migrants provide much-needed cash income for a variety of household purchases. Migration also provides good insurance against income shortfalls because migrants are generally in a geographic region or a sector of the economy providing income that does not covary with the income of the home household. For example, the failure of a rice crop in a migrant-sending region of rural Thailand is generally unrelated to the income earned by a migrant working in construction in Bangkok. If the crop fails or rice prices drop and the home household cannot meet consumption needs, the migrant will still have income that can be used to support the family.

Even though home households send migrants with the expectation of remittances to meet the needs of all household members, the results of empirical studies of this type of migrant show that, at the same time, migrants are self-interested actors (Hoddinott 1994; Lucas and Stark 1985; Stark and Lucas 1988). Migration is important to young adults for improving skills and long-term earning potential, and for meeting new people and seeing new places. It can also be a way for migrants to escape the control of their parents and home communities. Thus the remittances that households receive from these migrants are not completely unselfish. Research shows that home households and migrants engage in informal bargaining, with migrants remitting more to the extent that they expect to benefit more from their relationships with their home households.

The findings on remittances among these young adult migrants closely mirror general studies and theories of intergenerational transfers in the developing world. As in much of the literature on remittances, the intergenerational transfers literature distinguishes between altruistic motivations on the part of children for supporting their parents (considering the parents' needs and sending support in response to those needs) and exchange motivations, in which the transfers between generations are part of a bargain that benefits both children and parents (Frankenberg, Lillard, and Willis 2002; Lee, Parish, and Willis 1994; Lillard and Willis 1997; Quisumbing 1994). The support for altruistic motivations for remittances is relatively weak and shows that the "altruistic" behavior of children is structured by social norms regarding filial responsibility—children that are expected to care for their aging parents are more likely to behave altruistically than are other children. The literature on remittances also shows clear self-interested behavior on the part of migrants who are children of aging parents: they remit more when they expect to return to their home communities (Roberts and Morris 2003; Sana 2005) or when their parents have more land that they may leave to their children in the future (Hoddinott 1994; VanWey 2004).

My work on migrants from villages in rural Thailand provides a good example of this type of remittance (VanWey 2004). This study examines migrants from a sample of villages in Nang Rong district, in the Northeast of Thailand. The majority of the migrants are children leaving their parents' home to migrate to other rural areas, to Bangkok, or to export-oriented manufacturing areas in the Eastern Seaboard of the country. I examine data from a 1994 follow-up survey, in which information was collected from each household about remittances over the previous year from migrants who left the household between an earlier interview (in 1984) and 1994. The relationships between migrants and their home households are characterized by remittances in both directions, but migrants send money or goods home more often than home households send money or goods to migrants. Figure 7.1 shows that home households send some sort of remittance (money or goods) to just under 20 percent of migrants, while more than half of male migrants

Figure 7.1 Migrants and Households Remitting, Nang Rong, Thailand, 1994 (%)



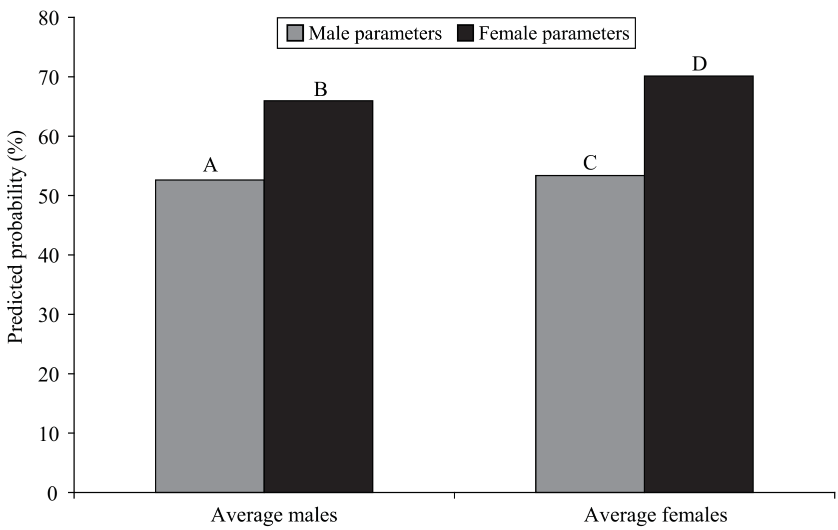
SOURCE: Author's calculations, based on data from the Nang Rong Projects (University of North Carolina 2005).

and two-thirds of female migrants send some sort of remittance to their home households.

From this figure we can see the gender differences in the probability of remitting: women are much more likely to remit. Using multivariate statistical models, I further explored the different determinants of remittances for male and female migrants. I found that both male and female migrants were remitting in ways that suggested self-interested behavior. The more land the home household owned (and therefore could leave to the migrant in the future), the more likely an individual migrant was to send remittances—but only when there were many other migrants from the same household. The migrants were competing with each other for the inheritance. However, female migrants were also acting in a way that suggested altruism, by remitting at higher rates when their parents were in the home household (as they were in most cases). They were substantially more likely to be supporting those parents than were their brothers.

To test whether the differences between male and female migrants in their overall rates of remitting were due to gender differences in things like jobs or wealth of home households, or to differences in how males and females made decisions based on jobs or wealth or the needs of parents, I conducted a simulation analysis. I looked at what would happen if men were like women, both in variables like age, occupation, and education and in the characteristics of the households they left. I then looked at what would happen if each gender had its true values in these characteristics but behaved like the other gender. For example, what if men had the same jobs or education but these characteristics affected them in the way that they affected women? Figure 7.2 shows the results of this analysis. The baseline difference between men and women in remitting (shown in Figure 7.1) is due to differences in how male and female migrants respond to various characteristics, primarily to the presence of their parents in the home household. Even if men were like women in age, education, etc. (bar C), they would not remit

Figure 7.2 Predicted Probability of Male and Female Migrants Remitting, Nang Rong, Thailand, 1994



SOURCE: Author's calculations, based on data from the Nang Rong Projects (University of North Carolina 2005).

at the same rate as women. For that result to occur, they would have to behave like women (bar B). Similarly, if women behaved like men (bar C), they would remit less than they actually do (bar D).

These results show that migrants are behaving as we would expect from the literature on intergenerational transfers and relationships. They are bargaining (implicitly) with their parents and siblings for future inheritance of land, and daughters are fulfilling socially expected support roles. In the Thai context, filial support is structured by the tenets of Theravada Buddhism, which say that children must earn religious merit on behalf of their parents to repay the parents for giving them life. Sons are able to do this by spending a short period (about 3 months) becoming ordained monks during early adulthood, while daughters primarily earn religious merit by caring for their families. Thus, daughters who migrate pay this debt through remittances while sons have no such obligation.

Collective Remittances

While some anthropologists and others have noted the importance of associations of migrants in destinations for migrant adaptation to the destination community, and for economic development projects in their home communities (Hirabayashi 1986), widespread study of the remittances from these groups to their home communities has only recently begun (Alarcon 2002). This interest results from the dramatic increase in the value of these remittances as international remittances have grown in volume, and from the Mexican government's attempt to capture some of these remittances for infrastructure projects and other development needs in home communities. Federal, state, and local governments in Mexico now provide matching funds (the amount varies across the country but is usually a 100 or 200 percent match of funds sent by migrant associations). This type of remittance becomes more common as the size of the population of migrants from a given hometown (or home region) in a destination grows. Migrant groups are formed to aid migrants with adaptation and employment in the destination and for social reasons. These groups then collect money to send home to their home communities for parties, infrastructure projects, or other community needs. The extent to which the projects are initiated or controlled by the home communities versus the migrant associations varies from community to community and is itself a function of institutions in the home community, as we will see in the example presented below.

In this setting, the motivations for migration are similar to the previous cases, where migrants leave to earn more money and to overcome the lack of credit and insurance in home communities. However, the longer history and institutionalization of migration has several impacts. The increasing participation of community members in migration leads to migration being a less difficult choice. Migration costs less both financially and psychologically because of three accumulative factors: 1) the ease of finding employment through friends, family, or the hometown association; 2) the familiarity of the people the migrant will find in the destination; and 3) the number of people going back and forth. Migrants now include not only spouses or children but entire nuclear families. The hometown associations and organizations associated with the migration process facilitate the migration and increase the affinity that migrants have for home communities even in the absence of immediate family in the home community.

Remittances then take on a different set of motivations. Collective remittances are fundamentally a social process, as they are collected by an organization in the destination and sent for projects that benefit more than one family in the home community. While migrants still send money to their spouses or parents, they also send money through the hometown associations for the betterment of the home community. The hometown association's stated motivation for this type of remittance is care for the home community and a desire to improve the lives of those remaining there. However, studies also show that the set of social relationships among and between migrant and nonmigrant community members structures remittance behavior. Migrants remit to increase their social status among migrants and nonmigrants alike; indeed, the dense network of social ties between migrants and nonmigrants in this type of migration stream ensures that information is quickly transmitted between these groups. Migrants also remit in order to increase the status and access to resources of their extended family in the home community (Osili 2004), and in order to ensure their continued membership in the community, which is called the option to return (Roberts and Morris 2003).

An example of this type of remittance comes from a study that VanWey, Tucker, and McConnell (2005) completed on remittances to four communities in the central valleys of the state of Oaxaca, Mexico. These communities are unusual for Mexico (though not for Oaxaca) in their system of governance. The four communities are all managed under a system called *usos y costumbres*, by which natural resources are communally owned and all adult male community members have a responsibility for the management of these resources and for the governance of the community. They contribute their labor for the maintenance of communal resources (and community infrastructure) in the form of workdays called *tequio* and must on a regular basis assume positions in community government, called *cargos*, for a few years at a time. These traditional (based on indigenous systems) governance institutions structure the collective remittances received by these communities.

Migrants from these communities are usually men traveling alone or in groups (often leaving their wives and children in the home community) or nuclear families traveling together. Within Mexico, migrants mostly travel to Oaxaca City or to Mexico City; in the United States, they mostly travel to southern California. They migrate largely to obtain better-paying jobs in migration destinations, with the goal of improving their own and their families' standards of living. Virtually all of the migrants remit some money to family members, presumably for the reasons described above (though we did not study this). However, in some of the communities they also send money for missed *tequios*, for community festivals, and for development projects initiated by the origin community.

The primary motivation of these migrants for remitting is a desire to maintain their position and membership in the home community. The obligation to remit is framed as both a moral responsibility and a practical way to avoid adverse consequences for one's remaining family members. As a respondent in Sierra Alta notes, "Supposedly it [paying for missed *tequios*] is voluntary, so it isn't obligatory. More than anything, people here are very conscientious . . . We aren't obligated, but the majority of the migrants would feel bad to come back and not give something . . . So it's really a moral issue."

The home community also uses the threat of restricting access to services or to the benefits of communally owned resources to encourage payment. The president of the Committee on Communal Resources

Table 7.1 Strength of Institutions, Migration, and Remittances for Study Communities, Oaxaca, Mexico, 2002

Community	Strength of institutions	Migration to U.S.	Remittances to community
Sierra Alta	High	Low	High
San Matias	High	High	High
Cerro Verde	Intermediate	Low	Low
San Timoteo	Low	High	Low

SOURCE: Adapted from VanWey, Tucker, and McConnell (2005).

in San Timoteo, one of our study communities, reported, "In the end, what the *municipio* opts to do is to await the moment in which it can lay down the law. That moment comes when someone needs [the services of] the commission. For example, someone says, 'You have to put in a water line.' Well, we're going to do it, but [I reply], 'If you want water, then you owe me five *tequios* that are worth this much, so you have to pay that much.' And that's how we do it."

This motivation explains the variation in the levels of remittance we see sent to the different study communities. Table 7.1 shows the results of our analyses of interview transcripts. The communities that were more strongly organized under the *usos y costumbres* system, with more clearly delineated responsibilities and strictly enforced fines, also received more remittances from migrants. This was unrelated to whether the migrants had gone to other parts of Mexico or to the United States. Thus, stronger community institutions mean that the migrants must remit in order to maintain their community membership and the option of returning to the community.

THE POWER OF HOME AND ITS IMPLICATIONS FOR ECONOMIC DEVELOPMENT

These examples all show the importance of social institutions in the home community and the home country in structuring the decisions of migrants about remittances. That is to say, they all show the power of home over migrants. The rights and responsibilities of men and women, parents and children, determine their opportunities for migration and the amount and reasons they remit. The political institutions in the home community determine the obligations that the migrant has to the home community in order to guarantee the social standing of the remaining family members and his or her own option for return. What initially appears as an economic decision requires a consideration of social institutions.

Given this, migration researchers need to account for these institutions in order to understand empirical results regarding the processes of migration and remittance. Beyond that, we need to theorize on the importance of social institutions. I have provided here a basic typology from my work and that of others, but further theoretical work needs to be done to develop the relationship that exists between migration, remittances, and a variety of social institutions, in order to move beyond an after-the-fact interpretation of results as showing the institutional effects. This theoretical development will also show whether these three categories of migration and remittance systems show the complete variability, or whether additional categories are needed. Furthermore, it will allow us to develop and test hypotheses about the transition from one migration-remittance system to another.

Understanding the effects of institutions and the type of migration will allow us to understand and predict the effects of remittances on economic development. The first type of migration and remittance (migrant male household heads) is essential for the well-being of families in migrant-sending communities. However, it has a debatable impact on economic development in sending communities. Many studies show that the vast majority of the money brought home by these men, or sent home to similar communities, is spent on current expenses or homes (considered consumption expenses rather than productive investments). Yet a review of studies by Taylor (1999) argues that even money spent on consumption will have positive effects on the economy. Remittances spent on consumption free up other resources for productive investment, according to studies of the effects of remittances on all types of spending by households. Additionally, remittances spent on consumption in local communities represent a sizable amount of money and can drive economic growth by increasing demand for locally or regionally produced goods and services (Durand, Parrado, and Massey 1996; Taylor 1999; World Bank 2005).

Remittances that are intergenerational transfers from migrant children to their parents have mixed implications for economic development. They go to parents to support their needs but are likely to come at a time when the parents are not making investments in new land, new technology, or other sorts of capital. The immediate use of these remittances is more likely to be for consumption, but again this might have multiplier effects. Thus, this type of remittance has the potential to bring about economic growth as long as it lasts. The long-term impacts are limited by the lack of productive investment (meaning that the remittances will not have long-term payoffs) and by the time-limited nature of the remittances. Remittances that are used to support parents will obviously not outlast the lives of the parents.

Collective remittances have the most immediate potential for positively affecting economic development. These monies can be used to invest in infrastructure (roads, electricity, schools, sanitation, etc.) that will improve the health and productivity of community residents and potentially allow them to develop or attract businesses. While some past research has suggested that collective remittances do not fund projects desired by the home community (as opposed to projects desired by the migrants), our study shows that home communities can initiate projects and obtain money for them from migrants. In communities such as our study communities, the money can be (and has been) invested in community enterprises that bring additional income and employment to community residents. In this way, remittances might be able to improve home communities to such an extent that future migration would be less desirable.

Further theoretical as well as empirical development of this migration-remittance system typology will allow researchers to predict the future volume and effects of remittances on home communities. If communities move in a rough progression from male heads of household being pioneer migrants to children migrating in a fully developed multilocal social field that includes hometown associations and an institutionalized migration process, we can then predict a progression of effects on local economic development. Initially this progression will be characterized by relatively low levels of remittances (because of the small number of migrants), and these remittances will be used for both consumption and investment by nuclear families who are still rooted in the community. These remittances not only will have multiplier effects because of consumption spending, but they will directly increase productivity by allowing investments of various types. Subsequent to this, remittances to parents will be used primarily for consumption and will only last as long as the parents are living and the children are obligated to support them (for example, they might stop when the children themselves marry or have children). The economic effects of these remittances will occur primarily through consumption spending and multiplier effects. The volume of these remittances may also be higher, given the larger number of migrants participating in the migration stream over time. Finally, the remittances within the fully developed system bypass (or supplement) remittances to families in their economic effects. The fundamental change at this stage in the progression is that the remittances support the production of public goods, which benefits families with and without migrants. This type of remittance has the possibility of eventually evening the standards of living and the life chances of these two groups.

Note

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