Comments on four papers in the thematic section on “Remittances from Migration” (Sept. 14, organised by University of Amsterdam and ISSER, Accra),
by Ton Dietz (first discussant)

I had the privilege of reading the four papers in advance, one paper about macro-economic aspects of remittances in Ghana (by Dr Addison, Director of the Bank of Ghana), one paper about the situation in Senegal (by Dr Serigne Mansour Tall), one paper about the micro-economics of migration and remittances in Ghana, by Valentina Mazzucato, Bart van den Boom and N.N.N. Nsowah-Nuamah, and finally a paper by Valentina Mazzucato about the perspective of transnationalism in interpreting migration, development and integration.

I will make seven points, which includes a provocation.

1. All authors agree about the growth of magnitude and importance of world-wide remittances. Dr Mansour Tall quotes a source estimating the global total in 2001 at 100 billion US$; Dr Addison uses World Bank data about the same year adding up to 77 billion US$. When the World Bank did a survey accompanying its 1995 World Development Report about workers in a globalising world the total world-wide remittances were reported to be close to 32 billion US$. Then Sub-Sahara Africa hardly featured: only Ethiopia was reported to receive substantial remittances. Ghana was stated to receive only 8 million US$ then, which is now being regarded as a gross underestimate. The big receivers then were (with the probable addition of Mexico), Egypt 5 b. ($), Portugal (4), India and Turkey (3 each), and morocco (2 b. $).

2. Dr Addison tries to come to grips with definitions and measurements, as used by the Bank of Ghana. What is defined as transfers comprises both aid and private remittances. Improved reporting for 2003 lead to considerable growth in the latter: up to more than one billion US$ up from about 700 million in 2001 and 2002, and from between 200 and 300 million $ in the years between 1990 and 1996. Official transfers, that is aid from foreign governments and multilateral agencies is close to 400 million $ now, double the amount of the early 1990s. This shows that private remittance flows have become 2.5 times as important as ODA, and far more important than Foreign Direct Investment. It is even up to 40% of contemporary total export earnings, and comparable with cocoa earnings or gold earnings in the best years. Reported remittances are in the range of 13% of the reported GDP value.

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1 World Bank World Development Report 1995, pp. 194-195, Data for 1993, but excluding Mexico, among other countries for which no data could be given. However, in 1970 total reported remittances were less than 3 billion US$.


3 In Dr Addison’s paper it is suggested that ODA is still much more than remittances. However, the data he presents for aid are in fact data for accumulated debt.

4 Accepting the 6 billion US$ value of contemporary GDP of Ghana, which probably underestimates the ‘real economy’.
My colleague Prof. Gunning of the Free University of Amsterdam has been here recently to look into the controversy of reported remittances. According to him there is agreement now about the 1 billion US$ figure, but it is also obvious that a large part of the remittances reaching Ghana is not recognised as such in the Bank of Ghana reports. Dr Addison states that probably half is covered. Dr Mazzucato says that, based on a small Amsterdam-based case study, 64% of all transfers sent by Amsterdam-based Ghanaians uses informal channels. Also Prof. Gunning says he would not be surprised if total remittances to Ghana would be between two and three billion US$. That becomes between a third and half of the total reported GDP figure for Ghana. With an estimated three million Ghanaians abroad\(^5\), it would mean an annual remittance per migrant of close to 1000 US$ to their families, businesses and social-cultural expenditures back home.

Dr Mansour Tall mentions another major problem for measuring remittance total. In Senegal a major part of current remittances has become an innovative part of creative business strategies, where foreign-based Senegalese merchants and local-based merchants, connected by family, clan and religious (Islamic brotherhood) ties jeopardise notions of ‘transfer’, and even ‘households’ as concepts. I have supervised a PhD thesis about Somali globalised networks, and there it is even more extreme. Dr Mansour Tall embraces a transnationality paradigm that negates all political territories, and puts a lot of emphasis on interconnected city networks, and on what he calls ‘hybrid, flexible social ties’. The use of modern communication tools revolutionises financial transactions. Inter-continental financial arrangements often become ‘invisible’ for government statisticians and national banks. However, the use of modern communication also results in the ‘virtualisation’ of family management. You no longer have to be at a certain place as a matriarch or patriarch in your family, clan, village, religious community, or enterprise to be able to manage your family affairs from a large distance very effectively. Your bond to and your power in your home village or town can even become much more profound than it ever was before you became a migrant.

However, Dr Mansour tall also warns us for a trend in Senegal where centres of information technology become modes of investment, and where villages are gradually crowded out by urban centres. Also Dr Mazzucato and her team found a surprisingly high urban element in the financial chains that bind Amsterdam with Ashanti villages. Her analyses of for instance a funeral give us a detailed insight in the globalisation of family affairs, and in the financial complexity of current funeral arrangements in Ghana. However, from her story it does become clear that villages do benefit, and social/moral bonding during high events, like funerals, nowadays is a major village strategy, that fits nicely with migrant wishes to be seen as big players in the village arena - despite the distances. Funerals are not merely occasions of massive and wasteful forms of conspicuous consumption, but core rituals of continued bonding of a globalising village (and urban) community. And what some regard as a waste. Others see as a major source of multipliers of income, employment, knowledge, creativity, and even art opportunities. The same can be said about a lot of other elements of remittances, beyond ‘business investments’, and ‘housing’.

That brings me to the interpretation of the importance of remittances for the Ghanaian economy. One way of doing it is by using the Ghana Living Standards Survey. Dr Mazzucato,

\(^5\) Out of approximately 21 million Ghanaians, that is ‘only’ 15%. In West Africa there are countries with much higher percentages of their population living elsewhere, although mainly in neighbouring states.
together with her Dutch and Ghanaian colleagues, use the 1998-99 data and promise us to use the three prior GLSSs and the 2005 one for a dynamic picture later. They also promise us to focus on foreign transfers specifically later. Now, in this paper, they looked at all (private to private) transfers, of which the majority happens within Ghana. The study shows how regionally focused transfers are, with Accra, Ashanti, and Central regions over-represented, and Northern Region (but also Volta and Western Regions) very much under-represented, at least back in 1998-99. Let me highlight some observations, which I find remarkable. The first is that, although 58% of all givers of (all) remittances is male, I find the fact that 42% is female very high, and the amounts given by women, although on average lower than those given by men, still considerable. The second observation by the research team is that many remittances are not reaching individual households, but religious organisations, community projects, and enterprises, and all this will be missed by a study like the GLSS. Finally I want to stress that the regression analyses strongly shows that foreign remittances are positively related to per capita expenditures. The relatively rich get more foreign remittances, while the relatively poor get local Ghanaian remittances. The suggestion could also be that the 59% of all Ghanaian households who in 1998-99 did not get any remittances (neither foreign, nor local) are the in-betweens. In Dr Addison’s paper there is too much a suggestion that foreign remittances help poverty alleviation, and help redress income imbalances. The GLSS analysis shows it does not, at least not in a direct way. However, again, a multiplier analysis of cases of foreign remittances, used to strengthen physical, economic, or cultural capital (houses, small-scale businesses, funerals/church donations) probably shows a major employment effect for the urban and even the rural poor. Foreign migrants can only become central players in village and neighbourhood arenas because there are so many rural and urban poor who do not have the incentives to go abroad, and who bind themselves to the local rich, whose wealth is partly based on absentee members abroad.

7 Dr Addison gives four motives for foreign migration and for remittances sent by these foreign migrants: 1) we help our families back home, 2) we help ourselves, 3) we pay back a loan to our family who assisted us to go abroad, and 4) we co-insure ourselves and our families back home. In her second paper, Dr Mazzucato shows us a downside of the current ‘northern’ practices, like the ones of The Netherlands, which causes many migrants to invest heavily in migration itself, and which does not recognise the abilities of migrants in their receiving countries, resulting in a loose-loose situation. A growing official (embassies, IND) and criminal (migrant traffickers, visa fraudsters) circuit of expensive migration brokers “eats” money that could otherwise be spent on investments in development in the home country, and in integration in the receiving country. I would like to know more about the multiplier economies of these criminal and official circuits: who gains, and where? Finally, here is my provocation. Although the majority of Ghanaian migrants are semi-skilled people, who go abroad as (often illegal) economic migrants, to work in the underclass of northern economies, a growing, and (for some) disturbing number of migrants belong to the very skilled, who are more and more openly invited to work in the upper segments of the labour market (e.g. as doctors and nurses, or as researchers in universities or company laboratories). Skilled labour becomes a major export product for the Ghanaian economy. Let us do a mind experiment. How much does it cost to ‘produce’ a 25-year old human being with a PhD in medicine? Together with my colleague Dr David Millar from Tamale University we did a

6 There is some confusion as a result of the use of the words ‘transfers’ and ‘remittances’ interchangeably. Also, for this conference it would have been nice if it would focus only on the foreign remittances.

7 The Dutch Immigration and Naturalisation Service of the Netherlands Government.
quick assessment. All-in it would cost Ghana approximately 80,000 US$. That is a ‘gift’ of the Ghanaian state, and of Ghanaian private investors in this skilled person, to a foreign economy, which reaps the benefits of this investment. In the Netherlands, the 25 years of investment in that ‘brain, with a body (with skilled hands)’ would cost at least ten times as much: 800,000 US$. Like the USA, Europe is now becoming an active poacher of ready-made cheaply produced brains (although Britain and Germany more than the Netherlands, still\(^8\)). Let us regard, with Dr Addison, the total investment cost as a loan to the European economy. Shouldn’t we see the remittances and aid payments as the return payment of principal and interest? However, looked at it this way, total remittance and aid would probably never come anywhere near the investment amounts. How will the Ghanaian economy, and the Ghanaian state ever get their investments back? Shouldn’t Ghana demand for a major increase of European aid funds to compensate for this loss? Shouldn’t we see aid as a collective tax on the users of brain drain, to compensate for human resource investments? And how can indeed government and private (e.g. banking) policies be designed that combine remittances and aid funds to multiply the productive uses of these foreign funds to speed up the necessary growth of the Ghanaian economy? I would like to see a creative debate about these questions.

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\(^8\) Following an explosion of popular discontent, current Dutch immigration policies have rather suddenly become more harsh compared to neighbouring countries, and official migrant’ payments for permits to stay and work are considerably higher. For a country that boasts being the international capital of justice, with the world’s largest harbour, and with targets of becoming one of the world’s leading ‘knowledge economies’ this is remarkably parochial, to say the least. However, also in the period after the Dutch Golden Age of the 17th Century the Netherlands slumped back for one-and-a-half centuries to become one of Europe’s backwaters, so there is a cultural history of parochial self-centredness, next to a cultural history -in other eras- of remarkable globality, cultural tolerance, and economic innovativeness. It is as if the Netherlands currently fights an internal battle between these extremes.