

Migration and Development

PRO-POOR POLICY CHOICES

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Chapter 8

Migration, Remittances, Economic Growth and Poverty Reduction: Reflections on Some South Asian Developments

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8.1 Migration in a Historical Perspective

8.1.1 Migration, Industrialisation, Urbanisation and Empire

Migration, the movement of substantial bodies of people from one location to another in search of improved opportunities of one sort or another, has always been a feature of human behaviour. Whilst hunter-gatherers were mobile by definition, and although the development of settled agriculture may have introduced a greater degree of spatial stability, the processes of urbanisation (and militarisation) precipitated new and yet more significant forms of population movement. Urbanisation received a further boost when craft technologies were progressively mechanised during the Industrial Revolution and was further reinforced when agriculture became steadily more mechanised during the course of the twentieth century. From this perspective migration from rural areas into rapidly expanding cities is best viewed as the inevitable counterpart of economic development. Whilst agricultural productivity has rocketed, the amount of physical labour required to produce a given unit of output has declined equally sharply; meanwhile employment opportunities at all levels - from highly skilled professionals to unskilled labourers - has become progressively concentrated in urban contexts.

At their simplest, such movements entailed no more than the emergence of innumerable urban cores. In practice, however, some very much more complex patterns soon emerged. Firstly, some urban centres industrialised very much more rapidly than others,

exhausting their local labour resources; during the nineteenth century cities such as Manchester and Birmingham soon had to look to Ireland and then to Eastern Europe to meet their local employment needs. Secondly, the differential global distribution of industrial production had an even more far-reaching impact on patterns of migration.

Western European - especially British - success in mechanising craft technologies (many of which had initially been developed in India and China) gave an immense boost to their Imperial projects, enabling them to use a combination of military might and cheap production to gain a position of comprehensive hegemony in the global economy (Frank 1998). This precipitated a series of huge migratory outflows from all parts of Western and Central Europe as members of relatively disadvantaged sections of the local population set out for the colonies which were then being established in the Americas and Oceania. Then as the new colonies themselves industrialised, subsequent waves of migrants - primarily from Ireland and Southern Europe - were drawn to these prospering colonies.

During the nineteenth century and the first half of the twentieth these movements were further conditioned by European colonial hegemony. On the one hand the European powers did their best to hinder industrial development in the non-settler colonies - such as India and China - preferring instead to ensure that these remained ready markets for industries established in the Imperial core; and on the other great care was taken to exclude non-European immigrants from filling industrial labour shortages both in Europe itself and in those colonies - as in the Americas - where European settlers had themselves gained a hegemonic position. Hence throughout the nineteenth and early twentieth centuries migratory movements in search of the many opportunities that were opening up in the global labour market were overwhelmingly confined to people of European ancestry.

8.1.2 The Collapse of Empire and its Consequences

During the past half century these patterns have been transformed, largely, although by no means exclusively, as a consequence of the collapse of these Imperial structures. As levels of affluence increased in North America and Western Europe during the economic boom which followed the end of the Second World War, and as the

erection of the Iron Curtain prevented further emigration from Eastern Europe, such acute labour shortages soon began to develop. As a result the non-European immigrant presence began to rise in heavily industrialised regions of Western Europe and North America, a process that continues to this day. Secondly, and just as importantly, the collapse of Empire also meant that constraints on industrialisation in the South were at long last removed. At first the newly established industrial units simply served local markets, but in the final decades of the twentieth century manufacturers in the South - led by Japan, but swiftly followed by Korea, Taiwan, China and India - began to find a ready market for their cheaply-produced products in the prosperous North. Hence whilst Imperial hegemony may have delayed the arrival of the industrial South, in recent years it has advanced with a vengeance in most parts of the South.

In migratory terms the results of all this have been spectacular: in addition to ever larger flows of migrant workers from South to North, even larger movements from rural villages to burgeoning cities throughout the South have also taken off during the past half century. However there can be little doubt that these flows, and the multiple inter-connections to which they give rise have now become an extremely salient feature of the global order. If it is hard to make accurate estimates of the scale of the inflow from South to North (if only because so many migrants currently evade immigration controls), it is next to impossible to do so in the case of local and transnational movements in South-South contexts. What cannot be doubted, however, is that the current scale of these population movements is enormous. If one includes the family dependents left behind as well as the migrants themselves, it does not seem unreasonable to suggest that as much as twenty percent (and quite possibly more) of the global population may well now be caught up in one dimension or another of contemporary migratory movements.

8.1.3 Remittances

The vast majority of contemporary migrant workers also keep in very close touch with their families of origin, and as a result regularly remit a substantial proportion of their earnings, leading to the growth of vast flow of funds from the urban centres to their place of origin. Until recently few observers paid much attention

to the significance of these financial flows. All that changed, however, following the publication of Dilip Ratha's aptly titled chapter "Workers' Remittances: An Important and Stable Source of External Development Finance" in the 2003 edition of the World Bank's *Global Development Finance Report*. Basing his analysis solely on formally recorded remittance transfers, Ratha notes that:

In 2001, workers' remittance receipts of developing countries stood at US\$72.3 billion, much higher than total official flows and private non-FDI flows, and 42 percent of total FDI flows to developing countries. Remittances to low-income countries were larger as a share of GDP and imports than were those to middle income countries Remittances are also more stable than private capital flows, which often move pro-cyclically, thus raising incomes during booms and depressing them during downturns. By contrast, remittances are less volatile - and may even rise - in response to economic cycles in the recipient country. They are expected to rise significantly in the long term, once sluggish labour markets in G-7 economies recover. (Ratha 2003: 157)

Ratha was well aware that official flows by no means captured the total scale of transnational remittance flows, given that:

Formally recorded remittances represent only the tip of the iceberg. Remittances sent through informal channels, e.g. self-carry, hand-carry by friends or family members or in-kind remittances of clothes and other consumer goods, are considerable in countries such as Pakistan the Philippines, Sudan and Egypt where it is estimated that such remittances would be at least double or even triple the recorded figures. (Puri and Tineke: 1998)

The total value of workers' remittances recorded by the State Bank of Pakistan rose from US\$ 1 billion in FY 2001 to more than US\$2.3 billion in FY 2002; this increase was in no way a consequence of the propensity of overseas Pakistanis to remit, but rather a consequence of the US Treasury's crackdown on 'undocumented transfers' following the passage of the post-gill Patriot Act. Even after this crack-down, it is most unlikely that informal transfers were wholly eliminated. In consequence it follows that the true scale of remittance income flowing into Pakistan - and into many other countries in a similar position - is well over double the formally measured values on which Ratha bases his analysis.

In the light of all this, it does not seem unreasonable to suggest that the volume of migrant remittances currently flowing from the North to the South is currently in the order of around US\$150 billion per annum, a large proportion of which flows directly into the rural households. It is also worth noting that these figures do

not include the remittance flows generated by the even larger number of internal rural-urban migrants. Whilst the per capita value of remittances emanating from the South is much smaller than that from the North, the number of remitters will be much higher.

8.2 The Migrants' Perspective on Migration

8.2.1 Migration as an Entrepreneurial Activity

Whilst there are now few significant controls on the global mobility of both capital and goods, the same is not true of people: elaborate systems of immigration control endeavour to ensure that the spatial mobility of the poorer members of the world's population is tightly restricted. Nevertheless as a result of ever-escalating demands for additional labour in all centres of affluence, the ineffectiveness - for the reasons set out above - of the systems of formal immigration control with which these centres of affluence have surrounded themselves, entrepreneurial migrants are busy taking ingenious advantage of all manner of riches with which the contemporary world system turns out to be littered.

Migrants' transgressive success invariably alarms those more privileged than they: if the economic order was really as much of a zero-sum game as popular imagination invariably supposes, migrants' gains are simply the mirror image of the losses incurred by those who built the barriers to keep them out in the first place. Hence no matter how much of 'a problem' migration may seem to those who stand behind such barriers, from the migrants' perspective the whole edifice is simply an entrepreneurial challenge in which access to more attractive slots in the global order is restrained by ever higher entry costs. The prior investment needed to become a taxi-driver in New York is very much higher than that associated with moving to Dhaka to pull a rickshaw.

Whatever the destination they choose, migrants look for a return on their investment. They rarely have any alternative but to begin in the least attractive sector of the labour market, whether their destination is in Dhaka, Tokyo, Dubai, New York or Birmingham: and by local standards at their destination, they invariably seem ill-paid and grossly exploited. However in assessing their position, migrants simultaneously deploy another yardstick: the opportunities which would have been open to them had they stayed put. From that perspective a very different picture comes into focus: what

drives migration is the promise of access to unparalleled levels of affluence. This is true even in the case of the poorest of the poor, so much so that they cannot realistically look further than becoming a rickshaw puller in Punjab.

Moreover that prospect of affluence also has two dimensions. The first is simply to use migration as a means of a prodigious source of income generation by their home-base standards, so enabling them to return with sufficient capital to build a new house, to buy more land or to start a business: hence migrants are, amongst other things, prodigious savers. However a second dimension runs parallel to the first, since migrants also have a shrewd appreciation of the extent to which establishing a bridgehead in an urban centre brings with it the prospect of even more dramatic progress for themselves and their family in the longer run. Hence even if their own prospects of significant upward mobility at their destination are seriously inhibited by structural obstacles, virtually all look forward to their children being able to gain access to urban resources such as education, and hence to leap-frog the family's prospects upward in the next generation. Hence no matter how adverse migrants' initial positions at their destination may appear, their belief that their entrepreneurial strategy has a good prospect of very significant fruit in the longer run is far from unrealistic.

8.2.2 Migration and Networking

Although all migratory flows are initially instigated by ground-breaking pioneers, in practice the number of true ground-breakers is relatively small, since the vast majority of participants follow increasingly well-worn tracks to their destination. Migrants rely on resources embedded within their own personal kinship and friendship networks to finance the initiative in the first place, and upon arrival they will receive assistance in gaining a socio-economic foothold in a strange land. Migration is therefore invariably a *networking* activity: all the most successful migratory flows are those grounded in well-organised and robust self-generated networks of interpersonal reciprocity.

8.2.3 Migration and Poverty Reduction

In the case of relatively local South-South movements, the surplus left over after migrant workers have covered their living expenses is generally small. Hence such migrants are often unable to provide

much more than subsistence support to their kinsfolk back home. But just as the entry costs into overseas labour markets in Euro-America are very much higher, so are the wages available. The return on their labour is dramatically higher, so that they are soon much better placed to rebuild the family house, buy land, to provide dowries and engage in other prestig~-raising activ~tie~. It follows that *migration is an autonomous famdy-based exercise ui poverty reduction*. To migrants, all this goes wit~o~t sayin~. When asked to reflect on the relatively adverse condltions which they invariably encounter on arrival at their destinations, they routinely explain that they are making a personal sacrifice in order to build a better future for themselves and their families. Not all achieve that goal: migration is a risky business. But the fact that most fulfil their basic objectives, and a few achieve quite spectacular success, renders this a wholly rational means of seeking to overcome structural disadvantage.

This is a point of considerable significance. In a world where the mobility of labour has been progressively reinforced, migrants' success in circumventing these barriers 'from below' (Smith and Guaritizo 1998) can only be described as remarkable; and to the extent that these barriers were introduced in order to protect the bargaining power (and hence the wages) of indigenous ;orkers in the destination labour market, migration can also be Viewed as a transgressive effort by the otherwise excluded to undermine the hierarchical foundations of the established global order. Moreover employers in labour starved industries are normally only too willing to assist such transgression. Migrant workers are normally cheap, docile, and above all available: hence they are readily hired. By contrast the indigenous population see the newcomers as a threat to their own bargaining power as well as their superior position in the global socio-economic order.

Migrant enterprise also has a significant impact on the socio-economic order in the home base, for remittances deliver vast wealth (at least by local standards) into the pockets of some rather than others. This creates bad feeling among the established elites who often remark that 'these people have far more money than they know what to do with'. Those locals in a similar social position to the migrants tend to react with intense jealousy, and so begin to make immediate efforts to migrate. Furthermore the poorest of the poor, those who are financially unable to migrate over long distances, take advantage of the local economic booms precipitated by the

arrival of migrant remittances by migrating to those localities themselves. There is, however, one even more important dimension which should be added to this list: that of gender. However the issues are so complex and multi-factorial that they deserve to be explored in a separate paper.

8.2.4 Migration and the State

A significant outflow of migrant workers, and even more so the consequent inflow of remittances, soon begins to attract the attention of the authorities - who regulate them, and thereby bring them under state control. If this usually means the introduction of an ever more complex scheme of visas and work permits to control the inflow at the receiving end, despatching societies frequently take precisely the opposite view. If, as is now frequently the case the inflow of foreign exchange in the form of remittances exceeds that derived from the export of goods, the maximization of 'manpower export' frequently comes to be regarded as an attractive objective of state policy.

Once under state regulation it is important to consider how far remitted monies are used to aid poverty reduction and development. It may be the case that instead of financing development projects remittances may be channelled into less productive ventures. However in practice a large part of migrant remittances is channelled through informal IVTS/hawala systems (Ballard 2003, Wilson 2003, Passas 1999), and is therefore beyond the scope of the authorities. This opens up another issue which is beyond the scope of this paper, just how comprehensively are the value-benefits (in terms of both local and foreign exchange) delivered directly to migrants and their families, and/or invested in infrastructural projects which will bring them direct benefits?

Migrants, due to the difficulties they face when migrating, are often distrustful of many state agencies. For them such agencies are responsible for facilitating them but not for constructing active obstacles in the way of entrepreneurial efforts. If it is indeed the case that the instinctive reaction of state agencies in this sphere is to regulate rather than facilitate, it also follows that unless and until the current preference for top-down policy initiatives is reversed, intervention may reinforce current patterns of inequality rather than make an active contribution to poverty-reduction."

8.2.5 Remittances and Rural Development

Ratha showed that the potential role of migrant remittances in stimulating economic development in rural areas appears to be extremely large. The reasons are quite straightforward. Firstly it delivers a huge flow of capital resources directly into the pockets of small peasant farmers in otherwise peripheral rural areas; secondly it arrives very largely without strings; and thirdly it arrives in such a way that it largely bypasses state regulations and taxes. Most of the remainder of this paper will be devoted to an exploration of the extent of that potential, the degree to which the most has actually been made of that potential in a variety of different contexts, and last but not least the policy initiatives which might facilitate the release of a much greater part of that potential than occurs at present.

Pioneer migrants are invariably drawn from this lower middle section of the local social hierarchy. Their success soon persuades others to follow them: and, once a well-worn track of chain migration comes into being, migrants begin to be drawn in from an even wider range of backgrounds in the immediate locality from which the pioneers were drawn. This may in turn upset the local social hierarchy: as their position of privilege begins to be undermined below by newly affluent returnees, members of elite families conclude that they must also migrate.

Although the local economy within such areas can only be described as capital-rich, this condition is by no means necessarily associated with sustained economic development. Indeed as I have argued at some length in an exploration of current developments in Azad Kashmir's Mirpur District (Ballard: 2003a), whilst the potential for real and sustained economic development in such areas is immense, that potential is in practice relatively rarely achieved, even when local conditions for economic take-off appear, at least on the face of it to be extremely favourable. Hence the arrival of migrant remittances is often accompanied by a paradoxical outcome: the emergence of dependency and stagnation, rather than economic growth.

8.3 Remittances and Economic Development: Prospects and Problems

8.3.1 Loss of Labour Power and Potential Sources of Replacement

Although the departure of a large proportion of young adult males inevitably has a negative impact on the local agricultural economy,

the effects are often much less severe than might be expected. Even if a migrant's departure precipitates a real labour shortage within the extended family, the remittances sent back will normally cover the remainder of the family's subsistence needs, and, in the case of overseas migration, will also pay the wages of day-labourers hired to undertake the basic agricultural tasks. The increased demand for casual labour not only tends to generate a sharp increase in local wage rates, but also to precipitate a secondary flow of inward migration from the surrounding area.

Nevertheless, these transnational channels of value transmission have their own dynamics. During the early phases of settlement when virtually all the settlers are young men, deferral of gratification keeps living costs low: hence they may well remit the greater part of their wages straight back home. But although the propensity to remit inevitably declines sharply when lone males are joined by their wives and children, it frequently picks up again once their overseas-born children reach adulthood several decades later. Once they have seen their children married, many migrants begin to implement plans of building homes for themselves in the village in which they grew up. But whilst large numbers of houses do indeed get built on that basis, they are rarely permanently occupied, as their owners are keen not to leave their families and relinquish the lifestyle to which they have become accustomed. Even so these retirement strategies powerfully reinforce remittance flows. By contrast those of their children who were born overseas generally display much lower levels of attachment to their home village. Not only do they display a much lower propensity to remit on their own account but when the older generation has passed away, they may well decide to sell off property which has ceased to be of any great value or significance.

8.3.2 *The Impact of Remittances on the Wider Economic Order*

If these resources are ill-spent - as frequently occurs - they can easily precipitate economic dependency rather than growth. However the scale of the inflow itself is anything but dependable: it constantly fluctuates. Migrant workers are invariably the first to lose their jobs when severe economic setbacks strike. Even in the best of circumstances, the flow of resources cannot be expected to last for ever: once those who were born and brought up in the village of origin have passed away networks tend to move swiftly offshore,

and the remittance flow then tends to decline very rapidly indeed. The inflow of remittances appears to promote a massive expansion in the remittance-led service sector, accompanied by a much more limited - often negative - impact on the region's underlying real economy. In the worst-case scenario, remittances generate a condition of such comprehensive economic inactivity that the only rational strategy for ambitious young adults is to migrate.

8.3.3 *Urban-rural Imbalances and the Growth of Dependency*

Taking a yet wider view of these developments, yet another perspective emerges, for virtually all the migratory processes which we have considered here are in the broadest sense a consequence of rural/urban imbalances, and especially, although not exclusively, between the relatively densely populated tropical and semi-tropical regions from which the majority of contemporary migrant networks originate, and the urban centres, whether located in the North or the South, which are their principal destinations. At one level such developments are wholly predictable, for they are themselves a product of poverty-reduction processes. In many parts of the South the scale of rural-urban migration has been so great that in sharp contrast to almost all parts of the North, their surrounding rural hinterlands are unable to provide a sufficient agricultural surplus to feed the burgeoning urban population. In the North mechanisation has meant that a small number of farmers are able to produce enough to sustain the population, as well as a sufficiently large surplus of food-grains that they are also able to fill any deficiencies in the needs of cities in the South, whose rural peripheries are so agriculturally inefficient that a significant part of their population takes every opportunity to flee to the bright lights of the city. This has resulted in locals abandoning rural areas in favour of the city even though land is still productive and agriculture is still needed to sustain the population, both rural and urban.

8.3.4 *Is Dependency Inevitable?*

As my two case studies show, there are some contexts in which migrant remittances have had a very much more positive impact on the growth of the local economy than others. Hence a comparative examination of these variations and their causes should provide us with some clear empirically-grounded indications of just what

factors reinforce the development of dependency, as well as those circumstances, strategies and policy initiatives which can be expected to precipitate more positive outcomes.

8.4 Mirpur and Jullundur: Parallels and Differences

8.4.1 Location

A comparison between the impact of mass migration to the UK on the local economy of Mirpur District in the Azad Kashmir region of Pakistan and on that of the eastern portion of the Jullundur Doaba across the border in Indian Punjab provides a convenient means of exploring these issues. The spatial distance between them is not great: no more than 150 miles. Moreover, both fall into the same broad Punjabi culture zone, although it is also worth noting that Mirpur falls into its Potohari variant. There is, however, a very substantial environmental difference between the two areas.

Jullundur Doaba is part of the plains of Punjab, where irrigated agriculture has been practiced for several millennia. An established canal system as well as high yielding seeds, chemical fertilisers and mechanisation have enhanced agricultural productivity, and created what has been described as the 'Green Revolution.' Mirpur by contrast is located in the foothills of the Himalayas, where reliable winter rains produce reasonable harvests. However there is no access to rivers and in turn canal irrigation, furthermore the water table is too deep leaving agricultural methods broadly traditional.

8.5 The Development and Consequences of Emigration from Mirpur

8.5.1 Historical Roots

As historians of South Asia have increasingly begun to emphasise, spatial mobility, whether on a temporary or a permanent basis, of rural population groups in the pre-British period was a great deal more commonplace than had previously been supposed. Mirpur turns out to have been no exception to that pattern. The area appears to have been one of the principal recruitment grounds for the crews of the boats which carried merchandise back and forth along the Indus and its tributaries between the major trading centres of Punjab and Lahori Bandar. However these became redundant when the railway connections between the Punjab and both Karachi

and Bombay were completed in the 1870s. This neatly coincided with the time when Britain's merchant fleet was switching from sail to steam, which precipitated an immediate demand for labour to stoke the boilers. By the early 1880s the great majority of *sirhangs* (stokehold foremen) in British ships sailing out of both Karachi and Bombay appear to have been of Mirpuri origin. The *sirhangs* were responsible for hiring the stokers on each ship, and they invariably favoured their fellow kinsmen, with the result that men from this small area (as well as those from Chhach, which lay in a similar position on the river Indus) maintained a virtual monopoly of this occupational niche for the next half century.

The end of the Second World War brought about some major changes. First of all, a significant number of Mirpuri seamen found themselves stranded in the UK as a result of having their ships torpedoed and were re-directed to work in labour hungry munitions factories, so giving them a toehold in Britain. Secondly after the close of hostility, all coal-fired ships were rapidly phased out, so the demand for stokers and firemen evaporated. Thirdly Bombay, by far the largest port out of which they worked, became inaccessible, following partition. And finally, Britain's heavy engineering factories and textile mills began to run acutely short of labour as the post-war boom took off. So Mirpuris promptly took advantage of the toeholds which had been established a few years before, and by the late fifties and early sixties numerous networks of chain migration leading to Britain's industrial cities were in full swing.

8.5.2 The Growth of Ethnic Colonies in BRITAIN and of Remittances to Mirpur

The current inflow, largely composed of the incoming spouses of young people of Mirpuri descent who have been born and brought up in Britain, is running at close to 20,000 per annum. The scale of the inflow seems unlikely to decrease significantly in the near future, as it is mainly grounded in the strength of inter-personal reciprocities with the *biraderi* (descent group), which in turn gives rise to a strong preference for cousin-marriage. For much the same reasons, Mirpuris have a particularly high propensity to remit, and consequently to invest, their accumulated savings back home.

However the impact of migration to Britain was far more extensive, most particularly after the scale of settlement in the UK increased sharply in anticipation of the imposition of ever-tighter

immigration controls during the early 1960s, and was yet further reinforced when the waters of the newly completed Mangla Dam began to rise in 1966. Almost all those who went overseas left their wives and children back home in Mirpur. Without their families they lived in humble conditions, and were able to send back remittances from the 1970's onwards. Moreover, when they finally returned, they could take significant remittances with them.

8.5.3 Initial Positive Growth

The immediate result of all this was a spectacular building boom, due to the quantum of savings brought by each returnee being considerably higher than the mean rate that their predecessors had achieved, as well as their numbers being infinitely greater. This building boom did indeed have a far-reaching impact on the local economy.

One of the most overt initial results was the appearance of innumerable brick kilns: bricks can easily be produced from the local loess. Not only did these kilns generate a substantial demand for labour in their own right, but there was a parallel demand for camels and their drivers to deliver coal, cement, steel reinforcing rods and so forth to the comparatively remote sites on which most of the new houses were being constructed, as well as for masons and carpenters to build them. Wage rates, especially for skilled craftsmen, began to rise rapidly. Local craftsmen did well, but there was soon an acute shortage of unskilled labourers. As a result migrant workers soon began to be drawn in from neighbouring areas which lacked the transnational connections available to the Mirpuris, and later on a large number of refugees from Afghanistan. Nor was the boom confined solely to the employment market. Throughout the District bazaars and qasbahs grew apace, and soon included branches of all five of Pakistan's by now nationalised banks, eager to mop up the returnees' savings. In addition to providing an outlet for the raw materials required for house construction, the bazaars also began to cater for the new-found affluence of returnees: for cloth and for tailors to sew it up into smart new suits for the entire family, for furniture and domestic hardware of all kinds, for tea-houses in which to pass the time, and for travel agents through whom to arrange and re-arrange flights to the UK.

The inflow of remittances also precipitated rapid inflation. In the price of land, not least because local farmers - like all peasants

everywhere - regarded land as the ultimate guarantor of both security and status. More land meant more security. But whilst the value of basic agricultural land multiplied to twice or thrice its former value, land which was perceived to be favourably located simply shot up.

8.5.4 Decline

The greater the expansion, the more successive ranks of returnees from the UK tried to get in on the act - with the result that long straggles of unlet shop units began to appear along the roads leading out of almost every bazaar in the District. But towards the end of the 1970s, the volume of remittances from the UK declined to little more than a trickle. This was due to family reunion overseas and severe recession in the UK at the end of the 1970s which led to the closure of those industries in which the migrants worked. In the face of this double whammy, the remittance inflow into Mirpur shrank to a small fraction of its former size.

As might be expected, the effects of all this on Mirpur's local economy were dramatic. The building boom collapsed, and the associated demand for labour - both local and migrant - fell right away. Activity in the once busy bazaars shrank equally rapidly: most of the businesses selling builders' supplies folded, and it became obvious that the lines of shop units completed just before the bubble burst were unlikely to find tenants any time soon.

8.5.5 The Neglect Of Agriculture

One of the main reasons why the boom was so fragile was that so little of the new wealth was invested in improving and extending agricultural production, capital instead being invested in buying land. From this perspective it is clear that in Mirpur the central drive behind investment in land was two-fold: firstly considerations of prestige; and secondly expectations of speculative profit. By contrast investment directed at improving the productivity of the land was minimal.

Tractors began to appear in Mirpur as the remittance boom took off; among other things they were used to transport building materials more quickly and efficiently than a camel train. They also began to be used to prepare fields for cultivation, once again because they could do the job far more quickly than a bullock-plough. One of

the central consequences of emigration was not only an increasing disinterest in cultivation, since other activities - whether working in the UK or taking advantage of all the many opportunities thrown up by the housing boom - were so much more profitable. Farming became more of a hobby than the main source of livelihood. If the land ceased to produce a sufficiently large harvest to feed the family, the problem was easily overcome; the shortfall could easily be made up through the migration boom.

All this had two broad consequences: firstly the intensity of cultivation, and the amount of effort put into maximising crop production, began steadily to decline throughout the District, so much so that it soon ceased to be self-sufficient in terms of the production of foodgrain; secondly in those families where virtually all the adult males had set off overseas, cultivation of the greater part of the family's holdings simply came to a halt: their land was left fallow and untended. This had serious consequences. Given the hilly character of the District, the weight of precipitation during the rainy season and the friable character of its otherwise fertile loess soils, land left untended very swiftly begins to erode. Left for too long, it quite literally disappears. In such conditions reviving agriculture after a period of neglect is a task which is as difficult as it is expensive.

8.5.6 *The Revival of the Local Economy*

In economic terms the 1980s were a hard time for the District, since the decline in remittance income led to a severe local recession. There was something of a drift back to agriculture. Those forced back onto the land saw it as a retrograde step: the rewards were much lower than during the migration boom. Hence virtually all the rising generation tried to avoid participating in agricultural activities and instead were eager to take migration as a livelihood earning avenue.

There were a number of ways in which they could realistically hope to get there. Firstly (and ideally) through the receipt of an offer of *riste* (marriage) from a cousin who was already settled in the UK. Secondly one could attempt to enter the UK illegally, which was both expensive and dangerous. For many dodging immigration control was a far more viable option. Finally there was a third option: to seek work in the UAE or Saudi Arabia, where in the early 1980s there were employment opportunities but, unlike the UK, without the right to permanent residence.

These pressures have in no way declined, and, thanks to the abolition of the primary purpose rule.ⁱ there are now fewer obstacles in the way of implementing transnational marriages. Hence, amongst other things, 'primary immigration' has effectively been extended by a further generation as a result of the current substantial inflow of Mirpur-born spouses into the UK. Moreover, Mirpuri ethnic colonies in the UK are made up of a whole new younger generation which has by now entered the employment market. Of equal significance has been the sharp drop in the value of the Pakistani rupee during the course of the 1990s, so that the pound now buys more than twice as many rupees as it did a decade ago.

As a result, the scale of remittances has gradually revived, and now very substantially exceeds the levels reached during the mid 1970s. The impact appears to be much the same as before, sparking off an even larger building boom. Driven primarily by the elder generation who dream of returning home and who desire to stay in touch with their homeland.

8.6 The Growth and Consequences of Emigration from the Jullundur Doaba

8.6.1 *Historical Roots*

Like the Mirpuris, the Jullunduris were also involved in trans-local entrepreneurial activities long before the imposition of the British Raj, one of which was the organisation of caravans transporting trade goods up through the Himalayan valleys to the Tibetan plateau. This trade route appears to have prospered right up until the early 1920s, when it was undercut by motorised transport which could move goods right up the Kulu to Manali. By then, however, Sikh peasants from the densely populated Doaba region had already begun to explore all sorts of alternative routes towards economic advancement. In addition to those who migrated to the new 'canal colonies' in West Punjab which came on line from the 1880s onwards, many young men from this area enrolled in the Indian Army.

Many of these Sikh regiments were posted to Singapore and Hong Kong, from where they soon began to leap-frog their way onwards to Indonesia and the Philippines, and then to British Columbia and California in the opening years of the twentieth century. Although many of these pioneers subsequently suffered severe setbacks (such as the withdrawal of American citizenship), from the 1960s onwards

Jullunduri Sikh settlements in North America began to expand very rapidly.

8.6.2 *The Growth of Ethnic Colonies in Britain*

The very earliest pioneers belonged to Indian Army regiments posted in France during the course of the First World War. Later they were taken to Glasgow to board troopships back to India, but at this stage some of them chose to go absent without leave (AWOL), and to seek their fortunes in Britain. Another important set of pioneers were members of the Bhatra caste - whose traditional occupation in Punjab was as pedlars - who found their way from Ceylon to the UK, where they carved out a new niche for themselves as door-to-door pedlars. In the light of their entrepreneurial success, members of other castes, and most especially the Jats (peasant-farmers), began to follow in their tracks. They were also accompanied by a few Ramgarhias (blacksmiths and carpenters).

In the aftermath of the Second World War, Jat emigration from the Doaba to Britain took off for much the same reasons as amongst the Mirpuris. However since a significantly higher proportion of Jullunduri migrants arrived with some command of English as well as basic educational qualifications and/or craft skills, they displayed a much higher propensity to seek out semi-skilled jobs in light engineering factories in the Midlands and West London - industries which were much less severely affected by the recession of the early eighties than textiles. Secondly the Jullunduris brought their wives and children over to join them in Britain much more speedily than the Mirpuris, and given their very different marriage rules, (Ballard 1991), fairly soon began to select spouses for their offspring from within the diaspora, rather than maintaining their initial preference for seeking such spouses from back home. Last, but not least, the strained political situation in the Punjab during the 1980s led almost everyone to put any remittance plans on hold.

Whilst those scattered in the diaspora began to look more favourably on the prospect of investing back home when order was restored in the early 1990s, a sharp difference in attitudes between the generations had by then begun to emerge. Most of those who had been born and brought up overseas could see very little merit in investing back in Punjab, whereas many of the elders still held on to their dreams of building retirement homes in the Punjab. Once the older generation had passed away, the younger generations

instinctive response was to sell off all the family assets in Punjab in order to invest them more profitably elsewhere.

8.6.3 *Inter-caste Variations*

There are some marked inter-caste variations in the vigour of the links which Jullunduri emigrants have sustained with their home base. As peasant farmers the Jats had always had the closest ties to the land. Not only was land their principal source of livelihood, but it also lay at the core of their claims to social status, no less vis-a-vis their fellow kinsmen than society at large. Hence most Jats who had been born and brought up in Punjab continued to take great pride in having invested in the purchase of more land, as well as in farm machinery such as tractors, trailers, diesel engines and pumps, even if they had moved overseas many decades previously. Those from non-land-owning castes had a much less intense sense of belonging to their villages, so whilst early migrants took great pleasure in returning home and buying land, relatively few non-Jats displayed much long-standing commitment to land-holding.

The consequences of all this were particularly clearly marked in the case of the Ramgarhias. In the course of the past century Ramgarhias developed their existing craft skills to become mechanics and then engineers, before eventually moving on to establish innumerable small-scale workshops in which they began to manufacture all the various components of chaff-cutters, sewing machines, bicycles, diesel engines and so forth. Today the Ramgarhias are one of the Doaba's most prosperous castes, and their engineering factories line the Grant Truck Road from Phagwara through Goraya to Phillaur. Those Ramgarhias who prospered in East Africa during the colonial period saw a change in their fortune after 1960, as independent states implemented programmes of Africanisation. Most saw no reason to return to the Punjab and instead opted to move to the UK and North America. Since the Ramgarhia community has moved steadily further 'offshore'; whilst their kinship networks have remained tight knit, their spatial centre of gravity has moved ever further westwards. Many Ramgarhia families who came to Britain from East Africa three decades ago have by now moved on to Canada, as have a significant number of those who came directly to the UK from Punjab. Most Ramgarhias do keep in touch with their closest kinsfolk who stayed in India, but these contacts generate an insignificant volume of remittances.

8.6.4 Economic Growth in Jullundur Doaba and the Role of Immigrant Labour

As will already be apparent, the local economy of the Jullundur Doaba, and indeed of the whole of East Punjab, exhibits far higher levels of prosperity than that found in the Potohar region in general, and in Mirpur district in particular. There are a number of reasons why this is so, most of which have nothing to do with remittances. Firstly, the Jullundur Doaba land is flat, fertile and easily cultivable. Secondly, the infrastructural resources (canals, roads, railways, schools and colleges) were mostly established during the British Raj. Thirdly, the Jat Sikh's green revolution has been matched by the Ramgarhia's industrial revolution, with the result that agricultural machinery of all kinds has become easily and cheaply available.

These urban/industrial developments have more than compensated for the loss of rural employment opportunities. The opportunities on offer were not always of the kind that the newly educated sons of small farmers who found themselves being pushed off the land had expected to be able to avail themselves (Ballard 1984). Nevertheless the relative prosperity of the whole area is underlined by the scale of local immigrant population, overwhelmingly drawn from poorer areas in eastern UP and Bihar. These developments are structurally identical to the patterns of transnational migration which have been my principal concern in this paper. In contemporary Jullundur the presence of 'Biharis' is ubiquitous. Most prosperous Sikh farmers now employ a bunch of labourers, all of whom are Bihari; the brickworks are manned - and walled - by Biharis; the drivers of cycle-rickshaws are all Bihari; and so are virtually all the manual labourers, but very rarely the craftsmen. In the region's burgeoning small scale industries.

8.6.5 Remittances and Economic Development

Economic growth in the Punjab was certainly not caused by remittances from overseas, although there are good reasons for arguing that in Doaba it was strongly assisted by the arrival of capital resources which could be, and were, readily invested in agriculture. Hence whilst Jullunduri emigrants also invested very heavily in house construction, they also invested a great deal more in agriculture than did their Mirpuri counterparts. The Green

Revolution has made agriculture an ever more profitable activity in Jullundur - at least for those with holdings of sufficient size to sustain the capital expenses associated with more intensive methods of production - and a very significant proportion of the remittance inflow was therefore invested in agricultural machinery. In sharp contrast to Mirpur, doing so produced a significant economic return.

All this has produced a complex pattern of similarities and differences between the two areas. No less than the Mirpuris, Jullunduri emigrants of all castes - but most especially the Jats - invested heavily in housing. Careful inspection of most villages in the Doaba region reveals the presence of all manner of crumbling residences which are for the most part unoccupied, where the families have settled overseas. Nevertheless, the process of construction continues. Villagers who set off thirty or forty years ago still display a marked propensity to come back and build a fine house for themselves in the latest fashion. In sharp contrast to the overwhelmingly dyadic character of Mirpuri kinship networks, which effectively produce an endless stream of 'first generation migrants', Jullunduri networks display a much more marked propensity to move offshore - even amongst the Jats. The investment boom in both housing and agriculture precipitated by migration is therefore much more time-limited in the Jullunduri case.

However, one very striking aspect of remittance investment in Jullundur is in what are best described as charitable projects, for their aim is always intended to benefit the community. Such projects are normally financed by subscription (although the largest donors are invariably prominently identified) and include the reconstruction and elaboration of temples and gurudwaras, as well as of wells and tanks, the construction of elaborate gateways across the road at the main entrance to the village, and the construction of schools and hospitals to supplement the generally substandard services offered by the Government. One spectacular example of this is the Guru Nanak Memorial Hospital in Jullundur City. Widely acknowledged to be by far the best in the city, it is almost entirely financed by donations from overseas. Moreover, it could well be that this will prove to be a more stable source of funds than the family-focussed investments discussed so far. Members of the second and third generation are much more willing to give generously to such charitable projects than to support their elders' passion for buying more land.

8.7 Lessons Learnt and Policies for Poverty Reduction

8.7.1 Intervention Targets

Although the arrival of a large volume of migrant remittances brings immediate benefits at many levels of economic activity, ranging from members of the recipients' own immediate household to the village, local, regional and ultimately the national economy. In any case, considerations of equity and justice suggest that policy interventions should always seek to prioritise benefits to those standing at the bottom end of this chain. After all it is migrants themselves who have generated these funds on the basis of their own hard work, and it is other members of their households who bore the costs of their lengthy absence from home.

Although this entails prioritising the interests of a category of people who can very rarely be identified as the very poorest of the poor, this should in no way be regarded as a serious deviation from concern with poverty reduction. *Migrants are not rich:* on the contrary they are invariably drawn from the ranks of the relatively deprived. If they were not it would make no sense for them to try their luck on the dangerously stormy seas of fortune. Both the act of migration itself and the remittance flow to which it gives rise are *ipso facto* exercises (or at least attempted exercises) in poverty reduction. Hence whilst the interests of other parties should not be ignored, I would nevertheless suggest that all policy initiatives in this sphere should be designed *to enable remitters and their immediate kinsfolk to derive more benefits from their self-generated capital resources than they have hitherto found possible.*

8.7.2 Forms of Initiatives?

One further form of assistance which should also undoubtedly be avoided is the effort to improve the returnees' entrepreneurial skills since they manifestly have such skills aplenty, given their achievements as transnational entrepreneurs. It is not so much entrepreneurial skills which returnees lack, but rather access to identifiable and realistic niches in which to profitably deploy those skills to their own advantage. If so, the principal issue on which we need to focus are the *obstacles in the way of implementing those plans.*

In my view these obstacles fall into three broad categories. Firstly, the lack of obvious niches into which their capital resources can be profitably invested. All migrants have been absent from home for some time. To those unfamiliar with the local environment it is always easier - and certainly very much safer - to invest on a copy-cat basis than to try to pioneer a wholly unprecedented form of activity. In the absence of replicating opportunities, returnee migrants are most unlikely to make much economic progress, no matter how great their accumulated capital resources may be. For those who have been absent for some time, re-establishing a foothold back home can often turn out to be almost as challenging a task as doing so abroad.

Secondly, the lack of infrastructural resources - most especially in terms of roads, bridges, electricity and telephone connections, irrigation facilities and so forth. Entrepreneurs must have access to the infrastructural resources required to support production, as well as the facilities which will enable them to get their goods to their market swiftly, efficiently and cheaply. Unless electronic communications are in place to facilitate orders, deliveries and so forth, entrepreneurial exercises of the kind with which the migrants are familiar from their experience overseas, and which would transform the local economy if ever they were to be implemented, remain far beyond the reach of any individual, no matter how entrepreneurially minded he or she might be. It follows that unless and until there is significant investment in such *public* goods, which is what infrastructural facilities effectively amount to real economic development cannot be expected to occur, remittances or no remittances.

This brings us to the third major obstacle: the role of the state. The migrant community is tight-knit, and word of difficulties spreads easily. If a few migrants encounter any difficulties in their dealings with the authorities, the wider community will be made aware and will become increasingly reluctant to deal with the authorities and in turn invest in their home region. There are substantial barriers to investing in the South Asian region in general. For many bureaucratic procedures can be overwhelming, and facilities and resources can appear to be extremely basic. Overall the whole process can be totally alien to them and very different from the procedures and processes that they have become accustomed to overseas.

8.7.3 An Opportunity for Pump-priming Forms of 'Smart Assistance'?

The state has an important role in utilising these investments for developmental goals, but to reiterate the point made above, the state needs to shed any negative perceptions held by both migrants and local residents, and show that state-sponsored initiatives can be effective and beneficial to the wider community. *If so it follows that 'smart assistance' should focus on seeking to remedy deficiencies at all of these three levels. In doing so its principal aim should be to facilitate infrastructural developments within whose context the entrepreneurial potential of the returnees, together with that locked up in their currently largely unprofitably invested capital assets, could actively be released.*

8.7.4 What form Might Such 'Smart Assistance' Take?

Here I must admit I am simply floating off some hypothetical suggestions about the way in which the local economy in high emigrant areas might be jump-started, so enabling local entrepreneurs to drive ahead some more sustainable forms of poverty-reducing economic growth. With that in mind some basic parameters of how such 'smart aid' might operate in overcoming the obstacles outlined above can fairly easily be delineated.

In the first place, if the really serious infrastructural blockages can be identified, it would make good sense for donor agencies to finance the remedial work, thus bypassing the perceived existing difficulties. Secondly, if there are no exemplary niches in the local economy for local entrepreneurs to copy-cat with reasonable safety - for example, developing the production and sale of more valuable crops such as fruit, flowers or vegetables in place of cereals - it would make equal sense for donors to cover the initial risks of exploring the viability of such likely-looking possibilities by establishing a demonstration farm, for example. However, care would have to be taken that this was not a 'parachute' activity, dropped in from the skies and then equally arbitrarily lifted out again. Rather it would need to build upon and be responsive to established practices, skills and investment resources within its immediate locality, and hence readily open to copy-cat emulation. My experience suggests that elaborate exercises in extension are rarely necessary if the package on offer is profitable; farmers will

readily adopt new crops and new methods of cultivation *provided that they have a realistic prospect of making a success of doing so.*

Thirdly, donor agencies may wish, alongside state initiatives, to seek to support NGO alternatives along the lines of those already being implemented by the Aga Khan Foundation. The Foundation appears to provide an exemplary model of the way in which the financial resources, together with the idealism and professional skills of members of specific global networks, can be used to generate institutional initiatives whose values, commitment and staff are broadly congruent with the local communities whose members they are seeking both to organise and stimulate.

Whilst the broad objectives of such 'smart aid' - namely to stimulate sustainable growth in the local economy - would remain constant in all circumstances, successful implementation would always be dependent on the extent to which each project was tailored to fit specific local parameters. Unless grounded in and informed by a detailed appreciation of locally-specific social, cultural, political and environmental challenges, opportunities and resources, such initiatives would be most unlikely to precipitate positive results, no matter how well financed. By contrast a smarter 'pump-priming' approach would not only be cheaper, but would appear to have a much greater prospect of success. Even so the task would still be very challenging, and success could certainly not be automatically guaranteed. However, such an outcome would certainly not be beyond the bounds of feasibility.

8.8 Conclusion: Migration, Remittances and Rural Development in a Wider Perspective

If nothing else, this review has shown that such a calamitous prospect is often as much in sight in those areas which have grown capital-rich as a result of the inflow of remittances from Euro-America as it is in those where the local peasantry has had to make do with the much more meagre benefits which accrue to those who engage in South-South migration. And it is precisely because sustainable economic development has often remained elusive, even when ample capital resources are available, that there are good reasons for believing that such localities can provide a test-bed for exploring solutions which should in principle be of much wider applicability. The dilemmas facing peasant entrepreneurs in Mirpur are in essence no different from those faced by rural populations

throughout the South. However, as a result of their construction of trans-national networks reaching up into the Euro-American labour markets, they also have access to an asset of inestimable value: the capital and institutional resources which could enable them - at least in principle - to circumvent the structural and organisational handicaps which has left so many counterparts elsewhere in the South in such a sorry state. If experimental pump-priming in an area such as Mirpur turns out to do the trick, it should be possible to learn all manner of lessons as to how development potential locked up in remittance transfers could be more efficiently released right around the globe.

Notes

- 1 As Ratha notes, there are now clear signs that many developed countries are shifting the focus of their immigration policies from limiting to managing migration. This is certainly true of current thinking in the UK. However as Bhagwati warns, it remains to be seen as to how far this managerial approach will succeed in overcoming the entrepreneurial capabilities of migrants and their networks.
- 2 Although I have not had time to conduct such an exercise under the terms of my present brief, it would be advantageous to conduct a comprehensive comparative review of the literature on current developments in areas where remittance inflows provide a very substantial component of the local economy.
- 3 This required the overseas based spouse to demonstrate to the Entry Certificate Officer's satisfaction that the Primary Purpose of the marriage was not to gain entry to the UK. The invitation to conclusively prove a negative was, of course, extremely difficult.