



Money and Migration

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Remittances and International Development:

The Invisible Forces Shaping Community

By Sabith Khan and Daisha M Merritt

Routledge, 2021

This book explores some of the distinct socio-economic aspects of migration and remittance by using two case studies that economists often overlook: the migration corridors between Saudi Arabia and India as well as between the United States and Mexico. The evolution of individual migration to the institutionalisation of philanthropy through the diaspora is an emerging trend. These authors investigate various aspects of remittance – from motivational altruism to soft-power diplomacy. Remittance is shaping modern societies silently, from changing social phenomena to governments' sustainable development agendas in Asia as well as America. The book will be of great interest to both academicians and policymakers in understanding the various aspects of migration and remittance, including how the latter could be used as a soft-power tool to influence other nations.

This book by Sabith Khan and Daisha M Merritt unveils different, untold socio-economic stories, and it is a valuable contribution in understanding many aspects of migration and remittances dynamics. Migration is pivotal to human evolution. Homo sapiens migrated from Africa to Australia thousands of years ago. Mongolians invaded and eventually migrated to the Indian subcontinent and made it their home. A similar history took place in Europe and the Middle East, where communities migrated and integrated to propel the society's collective development.

Remittance is reshaping modern societies. India received remittances of about US\$83 billion (S\$110.5 billion) in 2019, which is about three per cent of its gross domestic product (GDP). Remittance contributes about 10 per cent to Pakistan's GDP. Mexico received remittances of US\$40 billion (S\$53.3 billion) last year. Countries also use different strategies to boost remittance inflow. Kenyan microfinance institutions are playing a critical role in delivering remittance to the rural household with a minimum delivery cost. Bangladesh's government has been providing cash incentives to boost remittances through banking channels. Most of the remittance recipients are lower- and middle-class families, and income through remittances is significantly helping to increase their household consumption, improve the families' health and promote higher education for the children. Migrants are also contributing to shaping the growth of their host nations, such as in maintaining the mass rapid transit systems at midnight when everybody else returns to their nest.

Khan and Merritt examine various aspects of remittance in 11 chapters. They also discuss two pairs of case studies: Saudi Arabia-India and United States-Mexico, which have been the most important corridors of migration and remittance flow. Following the introduction, in Chapter Two, they delve into why people send money and explain different reasons of

remittance inflow and outflow. Remittance is a complex phenomenon, and the drivers of remittances are multi-fold. The most important motive for people to send remittances is real altruism and support for their family. A decay hypothesis in remittance is also well-established, which refers to how the amount of remittances sent to the family goes down over a period of time, or 'decays' as a result of a loss of attachment to the country of origin as the migrants integrate into the host country.

The authors review the influence of modern technology on remittance flow through the traditional, informal *hawala/hundi* system and modern cryptocurrencies. However, most of the remittance senders are lower- and middle-class families from the developing world. It will be quite some time before they are integrated into the cryptocurrency system, which is currently prohibited by most of the countries. Chapter Four, meanwhile, offers a detailed overview of the extent of remittance evolution in India and Mexico using different global data sources.

Remittance is the lifeline of the Indian and Mexican economies. For instance, the amount of money India receives in remittances accounts for 25 per cent of its exports in goods. A clearly articulated national remittance policy is essential for sustainable socio-economic development. Chapter Six explores the remittance policy of these two selected countries. How to capitalise on the remittance income by means of savings and investment for economic development are missing in the national policy agenda in most countries. However, Chapters Seven to Nine illustrate two case studies of remittance corridors and their policies within a broader spectrum.

Migration and remittance are under substantial threat due to the rapid spread of the contagious COVID-19 virus, falling oil prices, domestic political and economic upheavals, and turbulence in global geopolitics, especially in the Middle East. Moreover, the increasing nationalistic rhetoric of 'America First' and the 'Saudization' policy, whereby local nationals are prioritised over expatriates, is another major issue of concern. The South Asian countries overwhelmingly depend on sending their labour forces to the Middle East, where remittance could be used as a soft-power mechanism to influence the poor developing nations. Recently, Saudi Arabia has threatened Bangladesh by limiting foreign workers from Dhaka and putting pressure on Bangladeshis currently working in the Kingdom, if Bangladesh does not provide passports to the Rohingyas who have been living there. It is worth mentioning that over two million Bangladeshi expatriates work in Saudi Arabia, and they sent home over US\$3.5 billion (S\$4.66 billion) in remittances in 2019. This is a major source of the country's income.

Two other aspects comparatively less discussed in remittance literature involve the life and livelihood of diaspora communities and how they are treated in the host societies. How much they contribute to the host economy for its sustainable growth could be another critical issue for discussion.

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