MIGRATION, REMITTANCES, ECONOMIC GROWTH AND POVERTY REDUCTION:

REFLECTIONS ON THE BASIS OF SOUTH ASIAN EXPERIENCE

A Report for DFID

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Executive Summary

Migration

Migration – the movement of substantial bodies of people from one location to another in search of improved opportunities – has always been a feature of human behaviour. However the scale and significance of such migratory movements has grown ever larger as a result of developments in technology: the development of settled agriculture; of systems of taxation and their enforcement and the growth of cities; long-distance trade in manufactured goods; the mechanisation of manufacture and its concentration in urban centres; and most recently of all the collapse of European Empires and an equally sharp reduction in the cost of long distance travel.

During the last two centuries migration has been driven by two main factors: the mechanisation of agriculture, and consequently a very sharp drop in the demand for agricultural labour in all developed economies; an equally sharp increase in the demand for labour – at first in the industrial, and now in the service sector – in urban contexts around the globe. During the past half century the demand for additional labour power in urban contexts in the North have outstripped the capacity of its rural peripheries to make good all the deficiencies, which have consequently been filled by migrant workers imported from the South. Despite much public anxiety about these developments, the continued fall in fertility rates in the affluent North means that this trend is set to continue for the foreseeable future.

Somewhat similar processes can also be observed in the South, although in this case rural migration is driven much less by the mechanisation of agriculture. Rather it is low agricultural incomes which render the bright lights of the cities attractive, and all the more so in those where rapid industrialisation is taking place. However in so far as rural – urban emigration in the South arises in (and is largely driven by) low rather than high levels of agricultural productivity, it has a perverse (and very alarming) potential downside: an active retreat from production in tropical and semi-tropical environments whose potential or generating an agricultural surplus is far greater than in the temperate North.

Remittances

The first generation of migrants – i.e. those who were born and grew up at their point of departure – invariably retain a strong sense of emotional loyalty to their home base. Indeed since few ever imagine that they would stay away for anything like as long as they actually do, most seek to fulfil their dreams of return by remitting a significant proportion of their overseas earning back home. The result of all this in global terms is the transfer of a huge volume of financial resources from the North to the South. The precise volume is extremely hard to estimate, since a significant (but unknown) portion is directed though informal channels. Nevertheless it seems safe to suggest that the total flow currently amounts to around US$150 billion per annum. Not only does this very comfortably exceed all forms of development assistance, but these funds pass straight into the pockets of the relatively poor, and arrive with no financial strings attached: they do not even have to be repaid.

Yet despite their very obvious potential for spurring economic development, the consequences of their arrival are often a good deal less positive than one might hope and expect. In the first instance most migrants invest a large part of their savings in building a new house for themselves and their families, and in filling it with modern consumer goods. Such priorities are wholly reasonable. What is more remarkable, however, is that in many areas of high emigration there is remarkably little investment in improved agricultural technology: indeed agricultural productivity frequently begins to decline.

Perverse outcomes: capital-rich underdevelopment

This decline is in no sense a result of an absence of capital resources: on the contrary high-migrant areas are invariably capital-rich. Nor are they short of entrepreneurs: migration itself is a highly entrepreneurial activity, and high emigrant areas are full of service-sector initiatives – once of the most salient is speculative investment in land – which readily mop up migra-dollars. In other words one frequent consequence of migration – the report uses Mirpur developments in Mirpur District in Pakistan as an example – is not to generate sustained and sustainable processes of economic development but rather an ever deeper condition of dependency. In other words the perverse outcomes noted above are not a consequence of poverty *per se*. They tend to become all the more severe the greater the inflow of remittance resources.

However before running away with such generalisations, care must be taken to place all such developments in context: firstly of the developmental potential of that particular local environment, and secondly with respect to the extent to which the infrastructural resources to make the most of that potential are indeed in place. Returnee migrants cannot be expected to construct those infrastructural resources for themselves; and their absence can frequently explain many aspects of their investment decisions. No matter how fertile one's land, there is little point in investing in agriculture if irrigation tubewells are unavailable, if electrical connections to drive them are non-existent, and if there are no ready means to deliver one's crop to market.

Proposals

The potential of migrant remittances to deliver economic development and hence poverty-reduction are large. If so, DFID's central objective in this sphere should be to unblock that potential. So where do the blockages lie as far as returnee migrants are concerned? Three crucial categories of blockage can be identified:

- Lack of obvious niches into which their savings can profitably be invested
- Lack of infrastructural resources such as roads, bridges, irrigation facilities, electricity and telephone connections etc
- The obstructive capacity of the local state

In conclusion the Report recommends that DFID should seek to devise programs of 'smart aid' which seek to target each of these blockages in a series of specific local contexts, with the aim a facilitating the more positive use of both the cultural capital and the entrepreneurial skills already embedded within locally grounded migrant networks. If such an exercise actually produces the goods, the lessons learned should be readily applicable in many other contexts.

1 Migration in a historical perspective

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 militarization) which agricultural surpluses made possible precipitated new and yet more significant forms of population movement. Urbanisation received a further boost when craft technologies were progressively mechanised in the Industrial revolution which spread outwards from Britain from the late eighteenth century onwards, and was further reinforced when agriculture became steadily more mechanised during the course of the twentieth century, such that the size of agricultural labour force fell precipitately alongside rapidly growing levels of affluence.

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 – became progressively concentrated in urban contexts.

At their simplest, such movements entailed no more than the emergence of innumerable urban cores, each of which drew in surplus labour from its surrounding rural periphery. In practice, however, some very much more complex patterns soon emerged. Firstly, some urban centres industrialised very much more rapidly than others, so much so that they exhausted the labour resources of their immediate rural periphery, with the result that they had to recruit additional hands from ever further afield. Hence 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.

Simplifying enormously, Western European – and 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 Oceanea. Most of the pioneers of this European outflow became farmers, and in doing so marginalised the practice of importing unfree labour from Africa and India which had been such a salient feature of the earlier period. Then as the new colonies themselves industrialised, subsequent waves of migrants – who were by now drawn primarily from Ireland and Southern Europe – were drawn into these prospering colonies' newly emerging industrial proletariats.

Yet although all these developments conformed to my model of urban industrial centres drawing in additional labour power from peripheral hinterlands, 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 which were opening up in the global labour market was overwhelmingly confined to people of European ancestry.

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 in North America and Western Europe began to escalate sharply during the course of 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 that it was no longer possible to sustain the by now well-established barriers to the entry of non-European migrant workers. As a result the scale of the non-European immigrant presence soon began to rise very rapidly in all the heavily industrialised regions in Western Europe and North America. That process continues to this day, and is now driven by an additional factor: the rapid decline of the fertility rate of the indigenous population in all these regions, such that the demand for replacement labour, and hence of further migration from the South to the North, is set to rise more sharply still in the years to come.

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 is 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. These latter movements are for the most part much shorter and more localised (and hence generally sub-national) than the transnational movements from South to North, and given the much lower level of industrial wages in the South rather than the North, the former currently give rise to much lower per-capita resource transfers in the shape of remittances than do the latter. Nevertheless in analytical terms there can be little doubt that they are both regarded as slightly differing forms of the same phenomenon.

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 local and transnational South-South movements. What cannot be doubted, however, is that their scale is enormous: if one include the family members left behind whom migrants support 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 these contemporary population flows.

Estimating the extent of the resource-flows – primarily in the form of remittances – to which these migratory movements have given rise is an even more challenging task. On the one hand data generated by the formal banking sector rarely accurately identifies the scale of remittance flows, and on the other a very substantial proportion of the remittance flow passes through informal channels, and is therefore not captured in the formally published data. However the issue of remittances is rapidly emerging from the neglected position which it has so far occupied: hence the most recent World Bank Report on Global Development Finance breaks new ground through inclusion of a Chapter specifically devoted to Workers' Remittances (Ratha 2003).

Basing his analysis solely on formally recorded remittance transfers, he notes that

> In 2001, workers' remittance receipts of developing countries stood at $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)

But if (formal) remittance receipts have consequently comfortably exceeded formal development assistance, especially in many low-income countries, these published figures often drastically under-estimate the total scale of value-transfers, both formal and informal. Hence, for example, 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-9/11 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 other words it follows that in the real world of actual value flows, rather than formally reported figures around which the World Bank's models are constructed, all Ratha's conclusions about the development potential of remittances hold *a fortiori.*.

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 from which the majority of these migrants were drawn. It is also worth noting that these figures do not include the remittance flows generated by the even larger number of villagers who have simply moved to work in nearby cities on a more localised within-country basis. Whilst much lower wage-rates in the South inevitably means that the per capita value of such transfers will be much smaller than those emanating from the North, it seems reasonable to assume that the numbers of remitters will be many times larger.

In these circumstances there appears to be very little point in trying to calculate the current global value of urban-rural remittances: what is quite clearly beyond doubt is that the value of the funds being transmitted from urban cores to rural peripheries is currently very large indeed.

2 The *migrants*' perspective on migration

2.1 Differing perspectives on migration

It is worth remembering that these developments can be explored from several sharply differing perspectives. Whilst Euro-America currently stands at the receiving end of an escalating inflow of migrant workers, largely because of an urgent need for additional labour power, the escalating scale of the minority presence nevertheless causes considerable alarm to many members of the indigenous population. Hence there is a strong tendency – no less in the academy than the press – to prioritise a recipient's view of these developments, and to take a 'top-down' view of them. If, however, our concern is with poverty-reduction, it makes much better sense to prioritise the perspective of the migrants themselves.

To date, most of these movements have been self-generated in the sense that they have been organised and implemented by the migrants themselves. In the face of all this many Governments in both the North and the South are currently making efforts to introduce coercive policies of 'migration management' as a matter of public policy. But if past history is anything to go by, such moves – which effectively seek to reverse the migrants' preferred balance of decision making – are unlikely to meet any great success. Despite the efforts of the INS in the USA, the signatories of the Schengen agreement in Europe, and indeed Government agencies all around the world, 'illegal immigration' persists on a massive scale. From the migrants' perspective immigration controls are nothing more than a barrier in the way of their entrepreneurial efforts; and although such barriers may slow – or to be more accurate, may *divert* – migrant flows, they never eliminate them. On the contrary migrant entrepreneurs display an immense amount of ingenuity in devising strategies by means of which to circumvent whatever barriers are erected in their path. Nor is it difficult to see why they put so much effort into doing so: powered by the attraction of higher wages – and readily available opportunities to earn them – on the far side of such hastily erected exclusionary fences, migrants are simply engaged in devising their own personal strategies of poverty-reduction.

2.2 Migration as an entrepreneurial activity

Unfree migration – as in the case of slavery and the system of indentured labour with which it was replaced in the latter part of the nineteenth century – was the antithesis of such entrepreneurial movements. However during the course of the twentieth century the rules of engagement in this dimension of the transnational labour market have very largely been inverted. In some areas – most especially in the Persian Gulf – workers are still frequently tied to their employers by short-term contracts; and as all commentators acknowledge, 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 are 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, and above all the collapse of systems of outright coercion such as slavery and Empire, entrepreneurially minded migrants are busy taking ingenious advantage of all manner of niches with which the contemporary world system turns out to be littered.

To be sure 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, and however unwelcome, irrational and misguided they may view migrants' efforts to break down the gates as being, from the outsiders' 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 are constrained by circumstances to choose, migrants look for a return on their investment – and in general they actually do so. To be sure 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 in 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 is 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.

2.3 Migration and networking

Although all migratory flows are initially instigated by groundbreaking 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 may be entrepreneurs, but few act as individuals. Rather they rely on resources embedded within their own personal kinship and friendship networks to finance the initiative in the first place, to find their way to a ready-made bridgehead where they can expect a welcome from kinsfolk and fellow villagers who will in turn assist them 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. As time passes these networks become steadily larger and more complex, and soon begin to facilitate the trans-local circulation of information, ideas, and above all financial, cultural and human capital between the migrants' home base (most usually, although not always, in a relatively remote village) and the urban centre(s) in which its members have established more or less permanent bridgeheads.

2.4 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 – although all dream of saving enough to build a new house. But just as the entry costs into overseas labour markets in Euro-America are very much higher, so are the wages available. Hence once such long-distance migrants' initial investment costs have been covered, the return on their labour is dramatically higher, such that they are soon much better placed to rebuild the family house, to buy land, to provide dowries for their daughters and to engage in all manner of other activities aimed at raising their own and their family's status and prestige in the eyes of the local community. It follows that *migration is an autonomous family-based exercise in poverty reduction*.

To migrants, all this goes without saying. When asked to reflect on the relatively adverse conditions 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 in which constraints on the global mobility of both capital and information have now been largely eliminated, whilst barriers to the mobility of labour have been progressively reinforced, migrants' success in circumventing these barriers 'from below' (Smith and Guarnitizo 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 workers 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. However the precise character of this transgression needs careful specification, for it is not the interest of capital which is being undermined here. Quite the contrary: 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 from the perspective of the indigenous population in those locations where such developments take place, migrants' poverty-reduction strategies are anything but welcome: the newcomers are by definition a threat to their own bargaining power, and ultimately to their position of relative superiority in the global socio-economic order. To be sure popular fears of the immediacy of that threat frequently become vastly overblown. However it would be idle to suggest that such fears are wholly without foundations.

The transgressive impact of migrant enterprise on the established socio-economic order is no less significant at their home base than it is at their destination, for remittances deliver vast wealth (at least by local standards) into the pockets of some rather than others. At least three sets of interests are profoundly affected by these developments. Firstly members of established elites, both local and national, find their noses put out of joint by such developments: they can frequently be found remarking that 'these people have far more money than they know what to do with'. Secondly those whose status is very similar to that which the migrants once occupied tend to react with intense jealousy, and so begin to make immediate efforts to join the gravy train. Thirdly the poorest of the poor, or in other words those who can see no immediate way of meeting the entry costs of long distance migration frequently 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.

2.5 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 – no less at the sending than the receiving end of the chain. In both cases the immediate reaction to these autochthonous activities tends to be very similar: to 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.

But whilst such a policy can immediately be justified on the grounds that it is both a convenient and effective way of resolving chronic foreign exchange deficits, it is nevertheless crucial to ask just how the benefits of these inflows are subsequently distributed between various sectors of the population in the recipient state. Moreover it is worth remembering that these value transfers have two very different dimensions, which always need to be carefully distinguished. Firstly they generate capital resources in the local currency, which flow directly into pockets of overseas remitters' close kinsfolk. But at the same time these remittances also generate value in US$, for the Rupees, Yuan and so forth delivered to the ultimate recipients are actually purchased using the current universal medium of exchange. What happens to these US dollars? At least in principle they reinforce the local State Bank's foreign exchange reserves, which can then be used – again at least in principle – to advance national economic objectives.

However there are good reasons to be sceptical about this rosy superficial view. First, just what are the national economic objectives which are actually pursued by specific State Banks in this context? How far do these objectives prioritise poverty-reducing projects, and hence promote high levels of infrastructural investment which are of direct benefit to those living in affluent regions – and most especially those from which the majority of the migrants are drawn? Or is it the case, to the contrary, that the 'windfall' benefits of the foreign exchange dimension of migrant remittances are more usually diverted to projects favoured by the elite, such as the import of military hardware, and/or expensive consumer goods such as cars and electronic products? However in practice a large part of migrant remittances are channelled through informal IVTS/hawala systems (Ballard 2002, Wilson 2003, Passas 1999). In this case how far does this allow local manufacturers to conduct overseas business without becoming tied down by the restrictive stranglehold of bureaucratic regulation, so oiling the wheels of trade, and how far does it simply enable local kleptocratic elites to engage in capital export on a truly massive scale (Ballard 1989)? This opens up another issue which is beyond the scope of this paper, although it undoubtedly cries out for detailed empirical investigation: at a national level, 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? Or is it the case that the national economy is structured in such a way as to divert resources away from this 'over-rich' section of the local periphery, and instead disbursed in such a way as to further advantage the principal beneficiaries of state spending in much of the South: the local military and bureaucratic elite.

In my experience most migrants have strong views on all this. Although they may not be conversant with the arcane mysteries of international banking, foreign exchange reserves and so forth, they are nevertheless deeply sceptical about the *bona fides* of all the state agencies which they encounter in the course of their travels. In their view all such agencies – whether operating at their home base or at their destination – are much more frequently responsible for constructing active obstacles in the way of entrepreneurial efforts than in facilitating them. Regulations, they conclude, much more usually benefit the regulators than the regulated. Regulation is for the most part the bane of all migrants' lives, so much so that the success of their entrepreneurial efforts correlates directly with their ability either to subvert or circumvent those obstacles. The sophisticated strategies which they have developed to that end causes much frustration amongst the regulators (Bhagwati 2003). If it is indeed the case that the instinctive reaction of state agencies in this sphere is to regulate rather than facilitate, it follows that unless and until the current preference for top-down policy initiatives is reversed, state intervention will continue to reinforce current patterns of inequality rather than make an active contribution to poverty-reduction.[1]

2.6 Remittances and rural development

That said, one can only agree with Ratha's argument 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 peripheralised rural areas; secondly it arrives very largely without strings; and thirdly it arrives in such a way that it largely by-passes the predatory clutches of local and national elites. 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. However since these questions can only be meaningfully addressed in the context of an acute awareness of migrants' 'bottom up' perspective, we still have some preparatory ground to clear before we can get down to considering empirical detail.

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[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.

It goes without saying that the vast majority of those who seek work in distant places do so because of an acute sense of economic frustration: if that were not so, there would be no need to leave all the comforts of home and to expose oneself to all the risks, dangers and discomforts associated with residence in an alien land. However this sense of frustration is always context-specific: most usually a perception that one's family has become significantly less prosperous than its neighbours, accompanied by an awareness that a remedy to this uncomfortable position is at least in principle available through temporary participation in a distant labour market. It therefore follows that the privileged members of any given local community will see little point taking advantage of such opportunities: they already have plenty to be getting on with. By contrast whilst the poorest of the poor may have the greatest incentive to do so, their very poverty most usually means that they are not in a position to raise the entry costs associated with long-distance migration.

Although 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 ever wider range of backgrounds in the immediate locality from which the pioneers were drawn. This in turn upsets the local social hierarchy: as their position of privilege begins to be undermined below by newly affluent returnees, even those families who form the local elite frequently conclude that they have no alternative but to participate as well; moreover even the poorest families also manage to find a way of joining in by persuading one of the patrons to loan them the resources to cover the entry costs of migration, which would then be paid off from their overseas earnings. However these escalating processes of chain migration have some very specific consequences: on the one hand migrant outflows are usually concentrated in tightly delimited spatial areas, set in a 'sea' from which long-distance migration (at least to that destination) is virtually non-existent; and secondly the consequent flood of remittances into those 'islands' raises family incomes to substantially higher levels than those found in the surrounding 'sea' (Ballard 2003 b).

What is most remarkable, however, is that although the local economy within such islands 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: 2003 a), 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 in these apparently favoured islands of wealth.

3 Remittances and economic development: prospects and problems

3.1 Loss of labour power – and potential sources of replacement

Although the departure of a large proportion of young adult males within these 'islands' 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 'sea'. Indeed close inspection sometimes reveals multiple linkages of this kind: for instance during the late 1970s substantial numbers of young Punjabis travelled to Greece as replacement labour for Greek peasant families whose sons had gone to work as *gastarbeiter* in Germany; meanwhile the emigrants' families back in Punjab in turn took on migrant workers from Bihar, one of India's poorest states, to replace their own labour deficiencies.

Just how all these processes play out is heavily influenced by the scale of the resource transfers generated, which can of course vary from the pittances scraped together by rickshaw drivers in Dhaka to the bountiful surpluses (at least by home-base standards) generated by taxi-drivers in New York. No wonder Euro-America is such an attractive destination: those who manage to establish a permanent foothold in the North can fund the recruitment of replacement labour back home out of their small change, and can instead plan very much larger projects: the purchase of considerable amounts of agricultural land and the machinery required to farm it at high levels of productivity, let alone to build a smart new house for themselves.

Nevertheless these transnational channels of value transmission have their own dynamic. During the early phases of settlement when virtually all the settlers are young men[2], 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 and hence in their own eyes reached retirement age, many migrants begin to implement their long-cherished plans of building real homes for themselves in the village in which they grew up, and in which to fully enjoy their declining years. But whilst large numbers of houses do indeed get built on that basis, they are rarely permanently occupied, if only because their proud builders (for the edifices so constructed are also a very public mark of their owners' lifetime achievements) find themselves constantly pulled back by their wish to enjoy the company of the children and grandchildren overseas. Even so these retirement strategies – which only begin seriously to be implemented the best part of four decades after migrants' initial departure – 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 – for it has never been in a physical sense their home. Not only do they display a much lower propensity to remit on their own account – unless they have kinsfolk back home whom it is their duty to support – but when the older generation has passed away, they may well decide to sell off property which has ceased to be any great value or significance at least as far as they themselves are concerned.

3.2 The impact of remittances on the wider economic order

As should already be apparent, although remittances undoubtedly gives populations in the localities from which mass migration has sprung forth access to capital on a per capita scale many times greater than they could otherwise have hoped to see, these blessings can also have an equally alarming underside. 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 not just in response to

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[2] My personal knowledge of the dynamics of remittance flows is largely restricted to those contexts where – as in north India – female migrants have at best only played a secondary role as wage earners, and in the case of many Muslim communities, did not become involved in the formal labour market at all. However I am well aware that in some areas – as in both Sri Lanka and the Philippines – the principal actors in the migration process have been female rather than male. Given limitations of space and time I have not attempted to incorporate a gender dimension into this report, although this manifest deficiency will clearly have to be remedied at a later stage.

endogenous factors such as the developmental cycle of household and kinship networks, but also in response to wholly exogenous factors, the most important of which are booms and slumps in the demand for labour at the migrants' preferred destination: migrant workers are invariably the first to lose their jobs when severe economic setbacks strike. Last but not least, even in the best of circumstances the flow of resources cannot be expected to last for ever: once the mass outflow of emigrants finally grinds to a halt, as usually happens in the fullness of time, the very best that can be hoped for is that remittances will continue to flow in for another six decades or so: 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.

It is also worth noting that although the inhabitants of high-emigrant 'islands' appear, on the face of it, to enjoy a much more favourable economic position than those in the surrounding non-emigrant 'sea', close scrutiny of the local economy of such islands reveals a much bleaker picture: more often than not the inflow of remittances appears to promote a massive expansion in the remittance-led service sector, accompanied by a much more limited – and very often a strongly negative – impact on the region's underlying real economy.[3] 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 follow the previous generation's footsteps, so yet further denuding their home base of human resources.

In some circumstances a resultant move towards comprehensive depopulation may well be inevitable. Throughout the contemporary world communities whose members have eked out an existence in spaces at the very margins of socio-economic sustainability – such as in remote alpine valleys with no tourist potential, in drought-stricken semi-deserts and so forth – are steadily retreating in pursuit of more comfortable lifestyles in less challenging conditions. To those with a romantic turn of mind such developments may seem regrettable; however if the history of migration teaches us anything at all it is that in the last resort, all populations eventually vote with their feet. What is far more alarming in my view is that the processes I have been highlighting here appear to have begun to precipitate similar processes of

[3] 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 high-migrant high-remittance areas such as Yemen, Morocco, Nicaragua, Fujian and the Philippines.

depopulation in areas which are far from being intrinsically hostile: on the contrary they give every appearance of being able to sustain real economic development.

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. Not only is industrialisation – with its incessant demand for additional labour power – the principal driving force behind urbanisation, but this has been broadly matched by the mechanisation of agriculture, which has in turn progressively reduced the demand for regular (although often not casual) labour in rural contexts. These complementary developments have advanced most dramatically in Euro-America, where the rural population – and especially that portion of the rural population which is employed in agriculture – has declined dramatically, such that there has been a massive shift of population into urban and suburban areas. Nor has that shift proved particularly problematic in employment terms: there is still a massive demand for additional labour in the service sector of Euro-American cities, as well as a parallel – but relatively smaller – demand for casual/seasonal labour in the agricultural sector.

However during the last half century this shift in population distribution has become a global phenomenon: all the world's largest cities are now in the South rather than the North, and as we enter the twenty first century it appears that mankind has a largely urban future. Yet despite the apparent inevitability of this ever-growing trend, these developments appear to have an alarming downside. By definition all cities are dependent on the countryside for their food supplies, but 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. Here we meet yet another paradox: even in those parts of the North where the mechanisation of agriculture has led to a precipitous decline in the rural population – as in the American mid-west, for example – growth in the productivity to which mechanised agriculture has given rise not only enables a small number of farmers to feed Euro-America's local urban populations, but also to provide a sufficiently large surplus of food-grains that they are also able to fill any deficiencies in the needs (which appear to be steadily growing) of cities in the South, whose rural peripheries are so agriculturally inefficient (and hence generate so little wealth) that a significant part their population takes every opportunity to flee to the city.

On the face of it the South may simply seem to be following the Northern trend, the only difference being that the former appears to be doing so a generation or two later than the latter. However close examination once again reveals some alarming differences. Although a significant part of food shortages in the South are precipitated by exogenous developments such as drought, warfare and so forth, these difficulties are greatly exacerbated by the fact that flight to the cities has not been accompanied by (and still less been driven by) a spectacular growth in rural productivity. Migration from the South to urban destinations – whether in the North or the South – has for the most part begun to denude the countryside of its population *before* the arrival of the revolution in agricultural productivity. If these emergent trends continue unabated the consequences are likely to be severe. Although local food shortages in the South can currently be filled with imports from North America, the cost of doing so is already high. Moreover the strategy appears to be wholly unsustainable in the medium-, let alone the long-term. If the mega-cities of the South continue to follow their current pattern of exponential growth as a result of further migration from the countryside, the underlying contradictions will become yet more severe. In the greatest paradox of all land in semi-tropical areas where the growing season lasts for 365 days a year, so allowing two and even three crops to be cultivated annually, is being progressively neglected; meanwhile huge areas of land in the northern prairies lying on the very fringes of single-crop wheat cultivation are being brought under the plough to feed the hungry population of the burgeoning cities of the South, many of whom are farmers whose only rational choice was to abandon their land.

That future may not quite yet have arrived – although there are harbingers of it aplenty. Moreover from this perspective current developments in high-emigrant areas – and most especially in those which are not located in environments lying at the fringes of agricultural viability – present what appear to be some alarming portents for the future. So sharp are the differentials between urban and rural living standards – at least within the context of current political, economic, structural and technological parameters – that neither agricultural activity using current methods nor investment in more productive agricultural technology offers anything like the prospective benefits which are available to migrants. In these circumstances economic rationality rules: agriculture is being progressively abandoned, and work in the city has become – thanks to remittances – the principal source of rural livelihoods, *even though the land itself is potentially productive, and the remittance inflow means that there is no shortage of capital available for agricultural investment*.

3.4 Is dependency inevitable?

That such outcomes need to be avoided if at all possible is self-evident. How, though, is it to be achieved? The study of the consequences of South-North migration provides a particularly illuminating test-bed within which to explore how this might be done. Firstly because the disparity in living standards at the two ends of the migratory chain can be expected to highlight issues which are also present in South-South contexts, but which are currently much more dimly perceptible; secondly South-North movements are so infinitely varied in character that they provide an excellent opportunity to explore how far locally specific outcomes conform to or differ from the general model I have begun to outline here. Indeed 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.

4 Mirpur and Jullundur: Parallels and differences

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 Doab across the border in Indian Punjab provides a convenient means of exploring these issues.[4] Whilst the UK resident population with roots in each area is currently around half a million strong, 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

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[4] The argument advanced in this section of the report is overwhelmingly based on my own fieldwork in these to areas, on which I have been keeping a close eye for thirty years; a list of my published work on these developments can be found in the bibliography. I have also drawn extensively on the work of two other scholars: Khan (1977) and Kessinger (1975)

noting that Mirpur falls into its Potohari variant. There is, however, a very substantial environmental difference between the two areas. (see maps)

The Jullundur Doab is very firmly part of the plains of Punjab, and hence lies in a region where irrigated agriculture has been practiced for several millennia; moreover agricultural productivity in the Doab has been further enhanced by a canal system (now well over a century old) which not only provides direct irrigation, but also keeps the water table high enough to allow for those farmers who do not have a direct connection with the canal system (and many of those who do) to used pumped immigration to optimise crop productivity. During the past few decades farmers in this region have increased their levels of agriculture by leaps and bounds: thanks to the use of new high-yielding seeds, chemical fertilisers, and the application of extensive mechanisation (which now includes combine harvesters), farmers in this region are beneficiaries of what is commonly described as a ‘green revolution’.

By contrast Mirpur stands in a very different environment. That it is located within the outer foothills of the Himalayas, rather than in the plains proper, undoubtedly brings some real benefits. The winter rains are far more reliable than they are in Jullundur, so *barani* (rain-fed) agriculture produces a reasonable and reliable harvest, although yields are inevitably a great deal less than is possible when irrigation is available. However its location in the hills has rendered this problematic, at least in historical terms. The rivers are for the most part set in deep valleys, and therefore inaccessible for canal irrigation, and the water table is almost always too deep to be reached by a traditional Persian wheel or even by a straightforward mechanical pump. Plentiful supplies are, however, accessible by using much deeper (and considerably more expensive) turbine-driven tube wells. In the absence of irrigation, agricultural methods in Mirpur remain broadly traditional.

4.2 History and social structure

The social structure of the two areas is broadly similar, at least in the sense that virtually all the land is owned by self-cultivating peasant farming families: hence there is no significant non-cultivating class of landlords in either area. However the mean size of family holdings – at least in terms of cultivable land[5] – is and always has been substantially larger in Jullundur than Mirpur. As a result of the region’s historically larger agricultural surplus, and hence

[5] Whilst virtually all the land in Doaba is cultivable, much of the land in Mirpur is made up of hilly ‘jungle’, which is only suitable for grazing livestock.

greater levels of affluence, the population of Jullundur has long included a substantial number of *Dalit* landless labourers (around 20% of the population in most villages) – a social category virtually unknown in Mirpur. Similarly Jullundur's population includes a significantly higher proportion of craftsmen (Blacksmiths, Carpenters, Potters, Barbers, Weavers etc) than are found in Mirpur. Prior to Partition in 1947, virtually all the merchants and shopkeepers in Mirpur were Hindu and Sikh Khatris, as is also the case in Jullundur to this day. However Mirpur's (and Pakistan's) Khatri population fled to India at Partition.

Finally in geographical terms Mirpur's spatial location has always been considerably more peripheral than Jullundur's, and has been rendered more so in recent years. Whilst the Grand Trunk Road – the historical artery from Delhi to Lahore, Peshawar and beyond – runs right through the middle of the Jullundur Doab, Mirpur not only stands some tens of miles to one side of it, but is also tucked away behind the outer ranges of the Himalayan foothills. In historical terms that location may well have been extremely helpful, for it would have offered the local population a considerable degree of protection from the marauding armies which periodically swept down through the Khyber Pass and along the course of the GT Road into Hindustan. However, in more recent times Mirpur has suffered from the consequences of further peripheralisation.

Much to the Mirpuris future misfortune, the British allocated that part of the Potohar plateau which lay to the east of the river Jhelum to the Maharaja of Kashmir when they gained control of Punjab in 1850. The Maharaja taxed his subjects very heavily, but provided them with very poor services, so Mirpur missed out on the infrastructural initiatives – especially in terms of communications and schooling – which were implemented in British-ruled areas (which included the Jullundur Doab) during the century which followed. Secondly Mirpur's fragile economy and limited infrastructure was further damaged by the construction of the Mangla Dam across the river Jhelum, which was completed in 1966. Although the Dam brought major benefits, especially in terms of irrigation and power-generation, to downstream areas in the plains of Pakistani Punjab, few efforts were made to remedy the damage its construction caused upstream. Not only was virtually all the District's most fertile land submerged, but its communications infrastructure – such as it was – was badly damaged, and even today has still not been comprehensively rehabilitated.

4.3 Development potential in the two areas

Nevertheless Mirpur does have some potentially exploitable sources of competitive advantage, many of which arise from its spatial location. Most significantly, it lies less than 50 miles (at least as the crow flies) from the twin cities of Islamabad and Rawalpindi, whose markets have an almost insatiable demand for fresh agricultural produce – from milk to fruit and vegetables. Secondly its location in the foothills means that its climate is both wetter and a little cooler than in the plains immediately to the south. This brings with it the prospect of producing an alternative and/or unseasonable range of fruit and vegetables for which there would be a ready local market. The waters of the lake may also offer a considerable potential for fish-farming.

Meanwhile there can be no question whatsoever about the development potential of the Jullundur Doab: it is already in full swing. Thanks to the comprehensive use of pumped irrigation (such that unirrigated land is now hardly to be found), the introduction of new seeds, the routine use of chemical fertilisers and ever more extensive mechanisation (such that tractors as well as diesel power tube-wells and grain-threshers are now ubiquitous), virtually all the land now produces two crops a year – and sometimes even a third catch-crop of vegetables as well. Not only has this precipitated unparalleled levels of agricultural prosperity, at least for those families with sufficiently large holdings to raise the capital investment which mechanisation now demands, but has also led to an increasing trend towards the consolidation of holdings. Since anything less than a fifteen acre holding has now become economically unviable, those families with smaller holdings have found they had little alternative but to lease their land to larger operators – and many have now decided that they have little alternative but to sell up in order to release the capital for more profitable investment elsewhere.

Whilst most small peasant farmers in the Doab only took that step with infinite regret, since land had long been regarded as the ultimate guarantor of security as well as of each family's social status, the very success of the green revolution has also generated an explosive growth in employment opportunities in all of the region's burgeoning towns and cities. These opportunities are of two kinds. In addition to the rapid expansion of the business and service sector to meet the needs of newly affluent peasant-farmers, there has been a parallel growth in the local small-scale industrial sector which now produces a huge range of manufactured goods – from diesel engines to grain threshers to sewing machines and bicycles. These initiatives not only meet the needs of local farmers, but the goods so produced are now exported to markets all over northern India.

As a result the steady mechanisation of agricultural production in Jullundur District – and indeed in Indian Punjab as a whole – has not led to the high levels of unemployment which so many critics of the Green Revolution once predicted. Quite the reverse: over the years, labour shortages have become more severe, so much so that the Doab has drawn in ever larger numbers of migrant workers from poorer areas further to the east who are commonly known as 'Biharis'. Such migrants currently make up around 10% of Jullundur's population.

Given these differences, it follows that two rather different sets of questions need to be asked with respect to the impact of the arrival of migrant remittances in the two areas. To the extent that the Jullundur Doab – as well as other neighbouring areas of the Punjab which have given rise to much lower levels of overseas migration – has witnessed a very substantial degree of economic growth during the past few decades, the central question which requires an answer is how far migrant remittances have contributed to that very process. By contrast the Potohar region, and indeed the greater part of rural Pakistan has not witnessed anything like such dramatic agro-industrial transformation. In these circumstances our analytical task is rather different: to explore the impact of the arrival of migrant remittances on an otherwise largely static rural economy.

5 The development and consequences of emigration from Mirpur

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, the region's principal entrepôt far to the South on the shores of the Indian Ocean. However the British Raj was to deliver a severe blow to this trading network, which suddenly collapsed almost overnight once railway connections between the Punjab and both Karachi and Bombay were completed in the 1870s. However by great good fortune – at least as far as the suddenly-redundant boatmen were concerned – this neatly coincided with the time at which Britain's merchant fleet was switching from sail to steam, which precipitated an immediate demand for labour to fulfil one of the most unpleasant jobs on board: stoking the boilers. Mirpuris were ready and waiting to move into this novel niche in the global labour market. 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.

Although the *lascars* were in an excellent position to scan the global labour market for new opportunities, and to jump ship whenever and wherever they had an opportunity to gain access to jobs at much higher wages than they were being paid (since *lascars* wages were only a fraction of those paid to European seamen), very few Mirpuri stokers appear to have taken their chances ashore. Prior to the Second World War Sydney appears to have been the only port to have witnessed the growth of a Mirpuri settlement that was large enough to be described as any kind of ethnic colony. However 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 beneath them 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; finally, and equally fortuitously, 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.

5.2 The growth of ethnic colonies in Britain – and of remittances to Mirpur.

This is no place to rehearse the subsequent history of Mirpuri migration to Britain: suffice it to say that repeated efforts by the UK authorities to bring 'primary migration' to a halt have all been undermined by Mirpuri ingenuity. 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.

Nevertheless the scale of this flow back has varied sharply over time, partly as a result of changes in the per capita propensity to remit, and partly because of an almost exponential growth in the number of those sending money home. Up until the early 1950s the majority of *lascars* appear to have been drawn from villages and hamlets lying close to the banks of the river Jhelum, and returnees could replace their families' *kaccha* houses with new *pakka* constructions built of stone or of brick. Whilst the sums with which they returned may have been significant at an individual level, the number of men working as *lascars* was small, so their remittances had very little impact on the wider local economy.

However the impact of migration to Britain was far more extensive, most particularly after the scale of settlement in the UK increased sharply as the first of a series of immigration controls in the early 1960s were introduced, and was yet further reinforced when the waters of the newly-completed Mangla Dam began to rise in 1966. Not only did the number of remitters suddenly multiply many times over, but since almost all those who went overseas left their wives and children back home in Mirpur, and once they arrived in the UK lived in conditions of comprehensively deferred gratification against the day when they finally made it back home with their pockets full of gold, the flood of remittances began to hit the local economy from the early seventies onwards.

5.3 Boom ...

The immediate result of all this was a spectacular building boom. This was not so much a result of the returnees having very different priorities from their seamen (or even boatmen) predecessors, for almost all continued to build fine new houses for themselves and their families. What was different, however, was not only that the quantum of savings brought by each returnee was considerably higher than the mean rate that their predecessors had achieved, but their numbers were also 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 – either because it was beside a road, but even more so when it was on the outskirts of a bazaar or in a likely area for residential expansion – simply sky-rocketed. A few clever speculators made a killing in this market, especially when they invested the proceeds of their efforts in empty plots in Pakistan's new capital of Islamabad, where a similar pattern of price-inflation was just taking off.

5.4 And bust ...

The more the bubble expanded, 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 all such speculative booms eventually end in tears, and did so in short order towards the end of the 1970s, when the volume of remittances from the UK declined to little more than a trickle. This occurred for two main reasons. The first of these was a switch from transnational commuting – where adult men left their wives and children back home whilst they maximized their earnings in the UK – to family reunion overseas: as more and more emigrants switched to the new strategy from the mid-70s onwards, their capacity to remit inevitably dropped sharply. Secondly and even more seriously, severe recession in the UK at the end of the 1970s led to the almost overnight closure of a large proportion of the heavy engineering businesses and textile mills on which they had hitherto overwhelmingly relied for employment. 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. As ever, it was the late-comers who were most badly burned. What was also clear was that whilst the initial flush of remittances from the UK – which lasted for just over a decade – had provided a huge stimulus to Mirpur's local economy, the growth to which it gave rise was almost entirely dependent on the continuing inflow of funds from overseas. Once those dried up, the bubble promptly burst.

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. To be sure a good deal of the newly arrived capital was invested in buying land. However ownership of real estate needs to be carefully differentiated from investment aimed at releasing its productive capabilities. From this perspective it is clear that in Mirpur the central drive behind investment in land was two-fold: firstly considerations of prestige, since being in a position to buy land generates a great deal of *izzat* (honour); and secondly expectations of speculative profit. By contrast investment directed at improving the productivity of the land was minimal.

To be sure tractors began to appear in Mirpur as the remittance boom took off. Amongst other things they could be used to transport building materials over rough terrain far more quickly and more 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. However almost all farmers agreed that the quality of soil preparation so achieved – which was usually done merely with a harrow rather than a proper plough – was far inferior to traditional methods. Not that anyone seemed greatly bothered by this. 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 sufficient harvest to feed the family, the problem was easily overcome. Families with a member working in the UK could easily make up the deficiency from their remittance income, whilst the steadily shrinking number of households who were not in that position found it far more profitable to take advantage of the new income-earning opportunities thrown up by the boom than to put a great deal of effort into cultivating their land.

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.

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, if only because there were so few other occupational opportunities. However those forced back onto the land saw it as a retrograde step: the rewards which could be reaped from cultivation were lower than those which had been available in the local labour market during the years of boom, and far lower than those which were also known to be available in the UK. Hence virtually all the rising generation did their level best to avoid participating in agricultural activities – however much their parents pressed them to do so – and instead plotted and schemed in an effort to join the migrant gravy-train.

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; to be sure this invariably entailed a tussle with the UK immigration authorities over the 'primary purpose' rule[6], but if one was prepared to wait long enough, and to jump over a sufficient number of administrative hurdles, entry into the UK could usually be achieved. Secondly one could attempt to enter the UK illegally. This was both expensive and dangerous, for bitter experience showed that those who followed this route could easily find themselves caught out along the way – to be swallowed, as it were, by a snake which deposited them right at the bottom of the board with nothing to show for their efforts. Nevertheless those young men with kinship links to well-established transnational networks had access to all sorts of additional ladders to help them on their way: in their case dodging immigration control was a far more viable option than for those who set off without such prior connections. Finally there was a third option: to seek work in the UAE or Saudi Arabia. At least in the early 1980s there were some fairly attractive opportunities for those with a modicum of education in the Gulf labour market, although unlike the UK, these did not come with the right of permanent residence attached. Moreover this window did not remain open for very long: as oil prices fell and all the major infrastructural projects in the Gulf began to be completed, so the demand for labour, as well as the wages on offer, in that quarter rapidly began to fade. In these circumstances Bilayat became the only reasonable target to aim for: no wonder Home Office staff began to identify Mirpur as an area in which there was a high – and in their view highly problematic – pressure to migrate.

As the years have passed these pressures have in no way declined, and thanks to the abolition of the primary purpose rule, 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 have now largely overcome the severe set-backs encountered in the early 1980s. A whole new younger generation has by now entered the employment market, whilst the early pioneers who arrived during the 1960s are now reaching retirement age. Of equal significance has been the sharp drop in the value of the Pakistani rupee during the course of the 1990s, such that the Pound now buys more than twice as many rupees as it did a decade ago.

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[6] 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.

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. Another, even larger building boom has been sparked off. Driven primarily by the generation of men who initially set off to Britain way back in the 1960s, and with their children now comfortably settled (or so their parents hope) in arranged marriages, the elders feel they can at long last publicly celebrate the extent of their achievements by building fine new mansions for themselves back home. Hence whilst the agricultural sector in Mirpur continues to languish, the landscape is now peppered with symbolic monuments proclaiming the clearest possible message: the route to real prosperity lies overseas.

6 The growth and consequences of emigration from the Jullundur Doab

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 1920's, 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. In the aftermath of the mutiny of 1857 the British authorities decided that the sepoys whom they had hitherto recruited from Bihar could no longer be regarded as reliable.

Many of these newly constituted Sikh regiments were posted to Singapore and Hong-Kong, and having served out their time many ex-soldiers promptly returned to their old haunts to serve as policemen. From their bases in Hong-Kong and Singapore 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, taking advantage of whatever opportunities they could find. Although many of these pioneers subsequently suffered severe setbacks (such as having the American citizenship which they had 'erroneously' been granted summarily stripped from them), the tiny footholds which they had established bore fruit when both US and the Canadian authorities abolished the discriminatory immigration regulations which had been introduced at the turn of the century. From the 1960s onwards Jullunduri Sikh settlements in North America began to expand very rapidly.

6.2 The growth of ethnic colonies in Britain

Although a substantial number of British-based Sikhs have moved across the Atlantic to join their compatriots in North America during the past few decades, Britain's own Jullunduri colonies – whose members are once again overwhelmingly Sikh – derive from a rather different set of initial bridgeheads. The very earliest pioneers belonged to Indian Army regiments which were posted to France during the course of the First World War. Later they were taken to Glasgow to board the troopships in which they were to sail back to India, but at this stage some of them chose to go 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 – finding their way from Ceylon to the UK, where they carved out a new niche for themselves as door-to-door pedlars. By the early 1930s a significant number of Bhatras were engaged in this trade, and 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 few Ramgarhias (Blacksmiths and Carpenters), although by then the Ramgarhias had established thriving networks of chain migration to Britain's East African colonies.

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 rather than those as mere labourers, and also to move upwards through the employment hierarchy whenever the opportunity arose. As a result very few Jullunduris took jobs in the textile mills so favoured by the Mirpuris, preferring instead to seek out 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 was 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, 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 civil war which erupted following the Indian Army's bungled attack on the Golden Temple in Amritsar in 1984, together with the development of near civil-war conditions in Punjab for the remainder of the decade, led everyone to put any remittance plans which they may have had in mind very firmly 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. Hence if their elders wanted to build homes to which to retire back in Punjab – as many did – they certainly did not stand in their way. But few members of the overseas born generation retained anything more than a vague sense of affection for their ancestral roots in Punjab: as far as they were concerned their future now lay overseas – and if they were to consider moving on, the thriving Jullunduri ethnic colonies of Canada and the United States were for the most part their preferred destinations. Once the older generation had passed away their instinctive response was to sell off all the family assets in Punjab in order to invest them more profitably elsewhere.

6.3 Inter-caste variations

Over and above all this 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 also lay at the core of their claims to social status, no less vis-à-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.

The perspective of members of those castes who had traditionally been excluded from land-ownership was very different. Whilst the early non-Jat pioneers who managed to make a mark overseas during the first half of the twentieth century took great pleasure in returning home and buying land from under the noses of the supercilious Jats, relatively few non-Jats displayed much long-standing commitment to land-holding. Unlike the Jats, their holdings – if indeed they had any – were in no sense ‘ancestral’. Similarly they usually had a much less intense sense of belonging to their villages of origin, since it was the Jats, not members of the service castes such as themselves, who considered themselves to be the collective owners of the village.

The consequences of all this were particularly clearly marked in the case of the Ramgarhias, whose traditional occupation was as blacksmiths and carpenters. Although the Jats routinely dismissed them as landless *kammis*, the Ramgarhias have done extremely well for themselves in the course of the past century. Many 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 GT road from Phagwara through Goraya to Phillaur.

By no means did all the Ramgarhias stay at home in Punjab, however. A substantial number set off as migrant workers to build, and then to run, the East African railways as lines were pressed up from Mombasa and Dar-es-Salaam into the interior. But despite their initial success, the Ramgarhias ran into severe difficulties when Independence arrived in the late 1960s, and Britain's former colonies began to implement programs of Africanisation. Given that they had no particular ties to the land, the significance of the East Africans' ties with their home villages were already fading fast; and given that their immediate economic prospects looked a great deal brighter in the UK – and even more so in Canada – than they did in Punjab, very few gave any serious contemplation to returning 'home'.

Since the Ramgarhia community has moved steadily further 'offshore', whilst their kinship networks – sustained by high levels of endogamy – 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. To be sure most Ramgarhias do keep in touch with their closest kinsfolk who stayed in India, but these contacts generate an insignificant volume of remittances.

6.4 Economic growth in Jullundur Doab – and the role of immigrant labour

As will already be apparent the local economy of the Jullundur Doab, 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 Doab is exceptionally favourably placed in environmental terms. The land is flat, fertile and easily cultivable; it has long been served by an irrigation canal from the upper Sutlej barrage, which is now supplemented by innumerable diesel-driven tube-wells; as such it was ideally placed for the green revolution, of which local farmers have taken maximum advantage. One of the reasons why they were in a position to do so was the District's excellent infrastructural resources in terms of canals, roads, railways, schools and colleges, most of which were 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.

As a result, these urban/ industrial developments have more than compensated for the loss of rural employment opportunities precipitated by the ever more extensive mechanisation of agriculture. 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 immediately underlined by the ever-rising scale of local migrant populations, 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 womanned – 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; and the '*bhaiyas*' are treated with just as much disdain by indigenous Punjabis as are the Punjabis by the '*ghore*'amongst whom they have settled in the UK.

6.5 Remittances and economic development

I would be only too pleased to be able to report that the rapid and sustained growth which the Jullunduri economy has enjoyed during the past few decades, regardless of the severe setbacks it experienced in the late 1980s, was primarily a result of the beneficial impact of remittances from members of the region's overseas diaspora – but unfortunately that simple equation cannot be sustained. 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. But although inflation in the price of agricultural land in Jullundur has been even greater than that in Mirpur, that increase has been much less speculatively driven. 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 would have been regarded as thoroughly palatial in their time, although today they are for the most part unoccupied. If one asks about their owners, it invariably turns out that they and their families are now well settled in Sydney, Singapore, Vancouver, or Birmingham, although in the case of the older constructions, return visits by the family are now few and far between. Nevertheless the process of construction continues. Villagers who set off thirty or forty years ago still display a marked propensity to come back an build a fine house for themselves in the latest fashion – and although their overseas-born children invariably turn up to the ceremonies marking the grand opening of the new house, they are relatively rarely to be seen thereafter.

But although house-construction along these lines continues to this day, its volume has declined, rather than following the pattern of exponential growth which can currently be witnessed in Mirpur. 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 which is worthy of note is that 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. At all sorts of public occasions, and most especially at family *rites de passage*, substantial donations to such charitable activities are frequently made as part of the proceedings. 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.

7 What is to be done? Policies for the maximisation of poverty reduction

7.1 Who should be identified as the beneficiaries?

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 my view all 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*. By the same token those who seek to tax the inflow in order to support initiatives – however well meaning – in areas other than those inhabited by the migrants themselves should be eschewed. Not only is such an approach exploitative, but any hope that geese will continue to lay golden eggs whilst their nests are continually robbed is likely to end in bitter disappointment.

7.2 What form should such initiatives take?

One further form of assistance should also be avoided: efforts to improve the returnees' entrepreneurial skills. Since they manifestly have such skills a-plenty, given their achievements as transnational entrepreneurs, nominally helpful efforts of this kind simply amount to trying to teach one's grand-mother to suck eggs. Such initiatives are as wasteful and as counter-productive as they are patronising. 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, and to a somewhat less extent the technical knowledge and skills needed to make the most of them. It is precisely because they have been able to do just that elsewhere that they have returned with their pockets brimming with the investment capital which they lacked before their departure, and on which they hope and expect to be able to build on their eventual return. 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, and many will have been away for a very long time indeed. To be sure they may well have returned with all sorts of new skills and insights in addition to their raw capital resources, but 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 copy-cat opportunities, returnee migrants are most unlikely to make much economic progress, no matter how great their accumulated capital resources may be. Local entrepreneurs who are both more experienced and wilier, regularly strip naive returnees of their assets more swiftly than they could have ever imagined was possible. 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. Enthusiastic members of the second generation frequently found that their assets have been devoured by wolves before they have even had a chance to turn round.

But why is there such a paucity of exploitable niches? Here migrants find themselves confronting the second major obstacle: lack of infrastructural resources – most especially in terms of roads, bridges, electricity and telephone connections, irrigation facilities and so forth. Unless entrepreneurs have access to the infrastructural resources required to support production (whether it be in the manufacturing or in the agricultural sector: the service sector is already impossibly overcrowded), and unless they also have access to the facilities which will enable them to get their goods to their market swiftly, efficiently and cheaply, and 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. In my experience the peasant communities from which the vast majority of migrants are drawn are profoundly suspicious of all agencies of the state – and for good reason. Although the state is in principle the provider of all such public goods, their experience suggests otherwise. This leads them to view the state as being composed of officers and institutions whose principal objective is to extract resources from people like themselves, in return for few if any perceptible benefits. Indeed many view the state as being little better than a protection racket which provides at best a modicum of security in return for high fees.

It can of course be argued that these judgements are over-harsh. There are now few parts of South Asia without roads of some sort – even if they are so poorly constructed that they barely survive the next rainy season; there are few villages beyond the reach of a police station – even if they all expect any visitation will be accompanied by extensive beatings, demands for free accommodation and the payment of substantial ‘sweeteners’ before they can be persuaded to depart; there are few villages without a rural health centre somewhere nearby – even if it normally lacks staff and always lacks medicines; there are few villages without schools of some sort – even if the teachers are all too often absent and barely literate themselves; there may well be electricity connections – but there is rarely any power in the lines; and there will invariably be a formal administrative structure of District Officers and Courts – whose favours are normally open to the highest bidder.

Set together, all these constitute formidable barriers to entrepreneurial initiatives, especially to those who have long lived outside their home base, and worse still if they have never lived there at all.

7.3 An opportunity for pump-priming forms of 'smart assistance'?

This is not, of course, to argue for the irrelevance of the state. Since infrastructural resources are both inherently expensive and a public good, only the state – or at least state-like agencies – have the capacity to provide them. However in my experience virtually all migrants have their roots in areas where the activities of the state and its agents are much more predatory than developmental, so much so that local residents are deeply sceptical as to whether state-sponsored initiatives which are nominally for their benefit will in fact be anything of the sort: long and bitter experience teaches them otherwise. Moreover this also gets to the nub of the matter: if the state had managed to provide more relevant and effective infrastructural resources in areas of high migration, would the scale of emigration have been anything like so large as it actually was?

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 so that the entrepreneurial potential of the returnees, together with that locked up in their currently largely unprofitably invested capital assets, could actively be released.

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 assistance' might operate in overcoming the obstacles outlined above can fairly easily be delineated.

In the first place if the really serious infrastructural blockages – such as the absence of strategically placed roads and bridges – can be identified, it would make good sense for a donor agency to finance their construction, thus by-passing blockages emanating from the local state.

Secondly if there are no exemplary niches in the local economy for local entrepreneurs to copy-cat with reasonable safety – such as 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 if local institutional structures, and especially local state agencies, have little interest in supporting such initiatives – and may well even seek either to colonise or undermine them if they begin seriously to challenge their own established privileges – it would be equally sensible for donor agencies 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 seeing seeking both to organise and stimulate.

Whilst the broad objectives of such 'smart assistance' – namely to stimulate sustainable growth in the local economy and poverty reduction – 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 is certainly not beyond the bounds of feasibility.

8 Conclusion: migration, remittances and rural development in a wider perspective

Looked at in the broadest possible terms, the ever-escalating outflow of migrant workers from rural areas in the tropical and semi-tropical South, the huge reverse transfer of financial resources which they currently remit, together with the general absence of sustained and sustainable patterns of economic growth in the areas from which out-migration is taking place are all part of a single structural problem. The core of that problem is not migration itself: such population shifts are merely an inevitable concomitant of the way in which agricultural mechanisation leads to a decline in the demand for labour in the countryside, and its ever greater concentration in urban areas. However such movements doe indeed become problematic is when the difference between the living standards, entrepreneurial opportunities and infrastructural resources available to urban populations and those in the countryside becomes so great that continued rural residence ceases to make economic sense – despite the intrinsic fertility of the countryside's greatest asset, the land. In these circumstances a vicious circle will almost inevitably emerge: as the relative impoverishment of rural population grows, so the rush to the cities will steadily escalate. In the absence of appropriate counter-measures, the whole national economy can easily become so seriously unbalanced that urban food supplies are severely compromised.

Unfortunately this kind of institutionalised bias in favour of the cities can currently be found in many parts of the South: hence the phenomenon of peasant flight to the cities is no less in contexts of rapid economic growth such as contemporary China as in regions enjoying much less spectacular levels of economic success. Unless and until agricultural development generates living standards which begin to match those available in the cities – which will not only require a sharp rise in farm-gate prices, but also the provision of the infrastructural resources and capital investment required to transform current levels of agricultural productivity, the scale of flight to the cities will tend to become ever larger.

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 the result of the good fortune which has accrued 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 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.

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