

Cash Back: A real story

by Holly Ellyatt with research by Saleha Ali

WORLDwrite's latest documentary short *Cash Back* focuses on remittances. The film highlights the largely unreported role of migrants and Diasporas in the UK who are contributing to the development and enrichment of their families' lives and communities in their home countries. Remittances are the transfers of money by migrant workers and Diasporas to relatives, friends and villages usually through informal channels. As such, they are underreported by the western media and underestimated by international finance bodies. The inadequate appraisal of the worldwide phenomenon of remittances indulges an all too common assumption that Western countries (self-appointed "patrons") are alone in aiding developing nations, whilst those indigenous to these countries either passively accept poverty, don't care, or, if they are "well off", must be corrupt.

Cash Back discredits this defamatory notion and as AFFORD chair Gibril Faal points out in the film, migrants don't wear their hearts on their sleeves or a white wristband. Their contribution is not a political statement of what good people they are because they care, neither is it funding procured by NGO awareness campaigns or politically correct ethical giving. Remittances involve none of the moral hype or prescription evident in G8 debt relief or aid. Rather, it is a vital form of informal solidarity, a private action and transaction that is not done to procure a badge or enhance self worth. Indeed the film suggests that remittances reflect real aspirations rather than the poverty of ambition which informs Western charitable giving. Migrants and Diasporas want their friends and families to have what they have in the West and are less prey to the prevailing obsession with the "survival only" basics reflected in the UN's Millennium Development Goals and aid agencies' campaigns. In the film for example, Millicent Kumeni from Ghana emerges from a money transfer shop to tell us she is sending money back to build a four bedroom house complete with modern bathroom and flushing loo for her family. Millicent in fact saved much of the money to send back to Ghana by working in a burger joint on a working holiday visa.

In a challenge to contemporary versions of the "White Man's Burden" (i.e. the west is the saviour) it is clear that many migrants who have lived in the UK for many years - as well as recent migrants - send money back home. Migrants and Diasporas are not impotent bystanders in the process of progress but are proactive catalysts of change and betterment, both at a familial and societal level. As Yang¹ argues, remittances also tend to be stable and, whilst they may increase during economic downturns or natural disasters, their stability makes them a reliable source of income for developing countries, one that does not disappear once the horror images disappear from our TV screens.

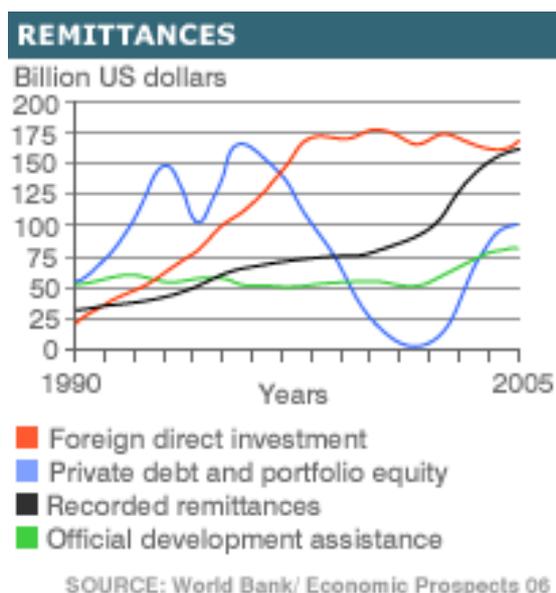
Whilst it may be no substitute for the massive investment developing countries need, money sent home is spent on more than foodstuffs and goes towards building homes and businesses. Remittances can thus function on a micro as well as macro social level in developing countries, allowing individuals the self determination and realisation that is not granted by aid programmes which dictate how money can be spent. Remittances are also handed over without strings attached and they don't have the onerous monitoring

¹ Yang, Dean, *Princeton University, Woodrow Wilson School of Public and International Affairs*, 2006.

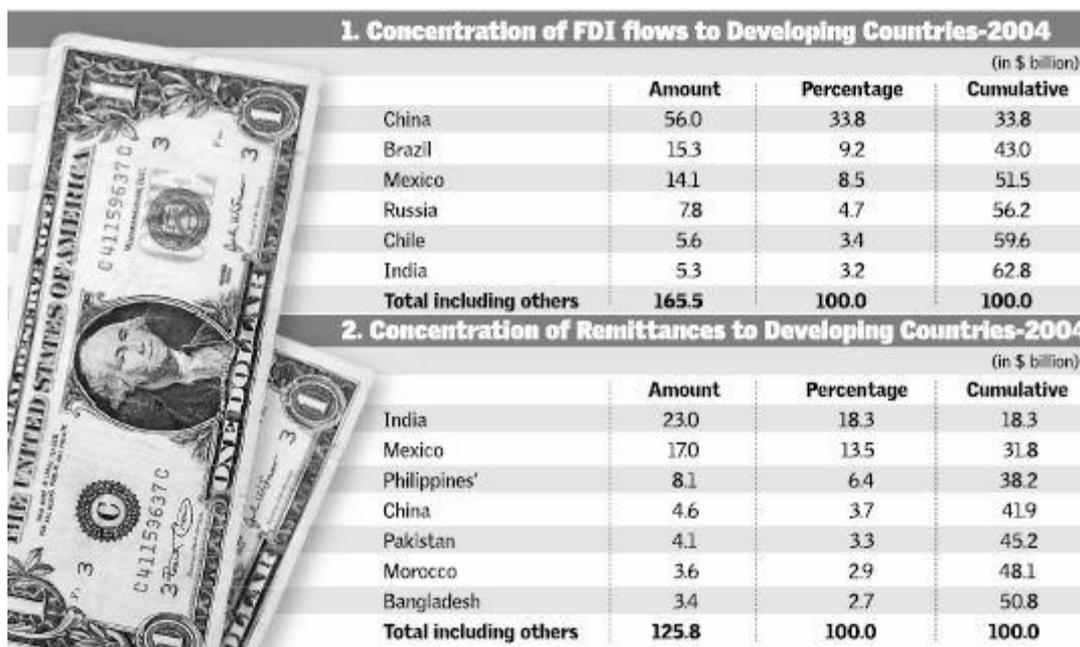
and evaluation which western donors and NGOs insist on. They are not making the poor accountable to western benefactors and thus reflect a real form of solidarity.

There are numerous studies which attempt to calculate the level of remittances. These by their nature are fraught with problems, since only money sent through official means can be counted. Yet even these figures are salutary. A recent study by the International Fund for Agricultural Development (IFAD) and the Inter-American Bank has valued the worth of remittances at around \$301 billion (£148 billion), a figure that usurps the World Bank's previous estimate of \$207 billion. The study states that to Africa alone \$54.7 billion has been sent home compared with the World Bank's figure of \$34 billion.

Even the UK government's DFID (Department for International Development) admits that the estimates for total remittances sent from the UK to developing countries range from £463 million to £2.8 billion, with the most reliable estimate being £2.3 billion (for 2001)². This represents a tiny proportion of UK GDP (0.23%), but over three quarters (78%) of the total for official UK Overseas Development Assistance. The primary developing countries which are recipients of UK remittances are India, Pakistan, the Caribbean (particularly Jamaica), China, Bangladesh, Nigeria and Ghana. DFID's instinct, however, is to control; regulation and inclusion rather than support for remitters. It funds an advisory website *sendmoneyhome* which promotes official channels for financial transfers and emphasises the role remittances can play in supporting its own aid goals. But DFID's goals are about survival, not development. DFID sees remittances as good news as they provide basics: food, education, and so on. They claim this will help countries meet the UN Millennium Development Goal of halving extreme poverty by 2015. For a government which supports draconian immigration controls, likes to be seen as one of Africa's saviours and hands over little more than hot air and plenty of diktat, co-opting migrant contributions as part of their aid programme is scandalous. However, migrant workers and Diasporas do not see themselves as DFID aid workers, are not motivated by DFID and are quietly getting on with promoting a brighter future for their mates that includes an end goal far greater than mere survival.



² DFID. Source: <http://www.savings-banks-events.org/remittances/Articles.htm>.



Source: Computed from World Bank Data by Barbara Stallings "The globalization of Capital Flows; Who Benefits?"—in the *Annals of the American Academy of Political and Social Science*, March 2007.

So lucrative is the business of remittances that money transfer bodies such as Western Union and MoneyGram have entered into acute competition by reducing commission costs for their transfers to compete with informal networks, and a small number of dominant banks in Africa are set to follow suit. Sadly, however, many institutions are keen to curb, control and regulate these flows rather than celebrate them and assist with providing more opportunities for people to work from overseas.

Fears of money laundering, funds to terrorists and similar panics also surround money transfers. In the UK the informal *hawala*³ system of transfers has come under recent scrutiny. The system involves transfers mainly to the Middle East and South Asia through unregistered operatives (or hawalders), and is preferred due to its accessibility by local villages, its low cost and the lack of bureaucracy involved because it is based on trust. In 2001 as UK finance minister, Gordon Brown announced a new task force to crack down on unofficial cross border money transfers. "Underground banking is often used for legitimate purposes, such as remitting earnings to families far away," Brown told the UK parliament. "But it is also known to provide very easy means for criminals and terrorists to conceal the laundering of money."⁴ In the USA the *al-Barakaat* network used by Somalian émigrés to send money home was shut down on the specious grounds that it funded *al Qaeda*. In fact it turned out that the only accounts held by terrorists were in a conventional bank, "Suntrust", in Venice.⁵

In the UK all transfer shops now have to be registered and senders now have to show passports as proof of ID, not just recipients. However many migrants wisely get someone they know to simply carry the cash, although there are limits to this method. A similar informal system is used by Chinese migrants, aptly called *fei-chien* or "flying money".

³ 'Hawala: criminal haven or vital financial network?', *Newsletter of the International Institute of Asian Studies*, University of Leiden. Source: <http://www.arts.manchester.ac.uk/casas/papers/pdfpapers/iishawala.pdf>.

⁴ McCrary, Ernest S and Johnson, Mark, 'Following Osama's money trail: Banks get into law enforcement', *Global Finance*, November 2001.

⁵ *The 9/11 Commission Report*, Public Affairs Commission, New York, 2004.

The remittances phenomenon rightly challenges Western self-flattery and needs to be put on the map. Recognition, however, can be a double-edged sword, bringing with it regulation, interference and prescription. Many organisations can also happily say “let’s support this practice and recognise it” since it involves them doing nothing. We would better meet the aspirations of our peers by following the example of those who “remit” and handing over resources with no strings attached. On the campaign front, demanding that governments allow greater freedom of movement and higher wages could do far more than the current support for paternalistic so-called “poverty reduction” schemes authored by Western aid agencies.