Working Paper Series

From Economic to Social remittances: an International Overview

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Remittance Circuits

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As some of you know, I think about money a lot! Especially about the vibrant multiplicity of monies in contemporary economies. So of course, I find remittances fascinating and have been reflecting for a long time about their variable meanings and uses. Ilka asked me to report today on some of those reflections. So for the next 15 minutes, let me explain why and how remittances are an important topic for an economic sociologist. I do not pretend to be an expert on remittances- that’s your territory. I can, however, suggest why and how understanding remittances advances explanations of economic transactions.

I’ll start off by quoting NOT an economic sociologist! But instead draw from a poignant recollection by the enthralling Dominican-American novelist Junot Diaz (2013). Here’s how Diaz starts his short story, “The Money”:

“All the Dominicans I knew in those days sent money home. My mother certainly did. She didn’t have a regular job outside of caring for us five kids so she scrimped the loot together from whatever came her way. My father was always losing his forklift job so it wasn’t like she had a steady flow ever. But my mother would rather have died than not send money back home to my grandparents in Santo Domingo. They were alone down there and those remittances, beyond material support, were a way, I suspect, for Mami to negotiate the absence, the distance caused by our diaspora. Hard times or not she made it happen. She chipped dollars off from the cash Papi gave her for our daily expenses, forced our already broke family to live even broker. In those times when nobody gave a damn about nutrition we alone among our friends never had juice,
soda, snacks in our apartment. Not ever. And you can forget about eating at McDonald’s or having clothes with real labels. The family lived tight and that was how she built the nut that she sent home every six months or so to the grandparents.

We’re not talking about a huge amount either. Two, maybe three hundred dollars . . . All of us kids knew where that money was hidden too -our apartment wasn’t huge—but we all also knew that to touch it would have meant a violence approaching death. I, who could take the change out of my mother’s purse without even thinking, couldn’t have brought myself to even look at that forbidden stash.”

http://www.junotdiaz.com/the-money/

You should check out the story for a full account. It’s worth it. However, for us today, four features of Díaz’s account matter: most dramatically the special meaning of those monetary transfers: the remittance’s crucial sentimental almost sacred significance for Díaz’s mother, second, the physical and social earmarking of that money, hidden in a special spot and kept separate from the daily housekeeping expenses, third, the unquestionable moral boundary between that money earmarked for the grandparents in Santo Domingo and ordinary coins in Díaz’s mother’s purse, fourth, the specific relational linkages marked by the remittance transfer, connecting Díaz’s mother and her parents, with consequences for her household’s other ties, her husband and her children.

How can we explain this complex economic web within the Díaz’s household? More generally, why do immigrants like Díaz’s mother, often at the expense of their own needs,
set as a budgetary priority sending significant chunks of their hard-earned money to relatives in their country of origin? That remains the remittance puzzle.

Standard thinking about economic transactions provides little guidance. It cannot fully capture what’s going on with remittances. Certainly, they do not function quite like markets or as networks at least in the conventional understanding of those concepts. Nor can we turn to mainstream economic sociology for answers. With few exceptions, the field has ignored remittances. Just to make sure, I did a quick search of the American Sociological Association’s third edition of a collection of 24 graduate and undergraduate economic sociology syllabi. The word remittance never appears, not even once! Same results with Jens Beckert and Milan Zafirovski’s International Encyclopedia of Economic Sociology (2005) I then searched our field’s leading text, *The Handbook of Economic Sociology* (2005) and was pleased to find four references to remittances: but surprise! they all turned out to be from my own essay on consumption in that volume.

What explains economic sociology’s neglect? I propose three main reasons: first, although this is changing, economic sociologists have focused their efforts in studies of production mostly by capitalist firms and markets. Migrant remittances are peripheral to that investigation. Second, remittances represent a whole class of marginalized economic transactions that receive similar treatment: household currencies, housework, micro-credits, children’s labor, gift exchanges, and caring labor. What connects these sorts of transactions? People observing them, and sometimes even their participants, look at them from hidden assumptions that there is a real economy and that everything else is
peripheral. The real economy, in this mythology, consists of market-mediated transactions. Which ties directly to a third factor: remittances seemingly belong to an economy of small sums, not quite significant enough to be considered “serious money.”

Of course, there is a lot wrong with these views. Collectively, we have ample evidence that remittances involve big monies, with large macroeconomic consequences. But there is much more to remittances than their magnitude. Remittances greatly interest me as a case of an economic arrangement I call circuit of commerce. Like a firm, a clique, or a household, an economic circuit is a distinctive and widespread form of economic interaction that recurs across a wide variety of circumstances, such as barter groups, internet peer production, corporate work teams, investment clubs, child-care co-ops, art markets, microcredit arrangements, or in this case, immigrant remittances. (see Zelizer 2010)

How do we recognize a circuit? By the following characteristics: (a) distinctive social relations among specific individuals,
(b) shared economic activities carried on by means of those social relations,
(c) creation of common accounting systems for evaluating economic exchanges, for example special forms of monies,
(d) shared understandings concerning the meaning of transactions within the circuit, including their moral valuation and
(e) a boundary separating members of the circuit from non-members with some control over transactions crossing the boundary. These different circuit components are
connected through relational work, as people create viable matches among their relations and the types of transactions and media appropriate for those relations.

Remittance systems certainly qualify as circuits with their bounded social relations, shared understandings, distinctive economic transactions and specialized media. How does thinking about circuits advance our explanation of remittances? Why not apply a network analysis instead? After all, network analysts have developed an impressive set of tools for deciphering economic connections, including remittances. Network specialists, however, have largely focused on relatively stable patterns and configurations of social relations. They have not explored the variable content of transactions or their meanings nor the dynamic, incessantly negotiated interactions they involve. As I searched for ways to better understand precisely these features, I was drawn to the concept of circuits.

Thinking about circuits raises questions about meanings and relational work that remain invisible to strictly network analysts.

Members of remittance circuits perform unceasing relational work. Far from a Monopoly game in which people deploy stylized cash in pursuit of their own individual advantage, we find participants investing effort in establishing, transforming, and sometimes terminating interpersonal relations. After all, no fixed table of organization exists with its prescribed roles: remitters and recipients are constantly negotiating their relations to each other. As you well recognize from your research, the process is often contentious as people struggle not only over who has the right to receive remittances, but also over its quantities and its uses.
Thinking about remittance circuits raises a wide range of questions about the matching of relations, transactions, media, and meanings. Three brief examples:

1. How do different kinds of social relations shape the frequency, meaning, or uses of remittance money? How, for instance, does the breakup of a relationship redefine the remittance transaction?

2. How do migrants’ differentiate remittances from their other forms of economic transfers, such as gifts, loans, or compensation? I first encountered remittances reading Thomas and Znaniecki’s classic Polish Peasant. I was struck by how, in their letters home, Polish immigrants carefully distinguished their Christmas rubles or other personal gift monies from non-gift remittances, money for ship tickets or donations for a mass as well as from loans.

3. Does the introduction of a new media reshape existing remittance relations? Think of Bitcoin: some are hailing the controversial digital currency as a new remittance money: would Bitcoin remittances intervene in relational processes differently than money orders or personal couriers? What about mobile monies such as MPESA? Supriya Singh and others have suggested that mobile monies could increase women’s leverage in household bargaining (see e.g. Singh 2014).

To be sure, gender and more generally the social category of transactors introduces further crucial variation in the relational work involved in remittances. In her recent book on Salvadoran immigrants, for instance Leisy Abrego reports that despite earning significantly lower wages than their husbands, the mothers she interviewed were more
likely than fathers to regularly send their hard-earned earnings to their children back home.

I’m not just preaching remittance circuits. Together with Lauren Gaydosh we are applying circuits for understanding a different set of remittances taking place within college economies. She and I have been studying for several years the economic practices of Princeton undergraduates focusing primarily on the impact of class inequality on students’ relationships to each other and to their parents and extended family. As part of the study we explore monetary remittances to students from parents or other kin as well as the reverse flow of money from students to family. For instance, in interviews with full financial aid students, we have identified circuit-like transfers in which students are expected and feel themselves obliged to send back some of their earnings to solve domestic crises or cover routine expenses, sometimes to pay off a parent’s credit card debt or help a sibling with car payments.

The world of remittances offers revealing clues to the economic, social, and moral world of its participants. I look forward to learning more about that world from this conference’s participants. Let the discussion begin.
REFERENCES


