

Chapter 6

Samoa and Tonga: Migration and Remittances in the Twenty-first Century

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Summary

Tonga and Samoa are the two island states in the Pacific most dependent on remittances, and their economies are otherwise primarily agricultural. International migration, mainly to New Zealand, first became significant in the 1960s and subsequent flows have maintained high levels. Both countries have sponsored migration and supported temporary migration schemes, and rarely sought to intervene in what have become the normal and normative processes of migration and remittance receipt. Both Samoa and Tonga have benefitted significantly from the Recognised Seasonal Employer (RSE) seasonal labour scheme in New Zealand. Remittances have improved welfare and reduced poverty. Increasing the per capita volume of remittances is unlikely but increasing their effectiveness is possible. Reductions in transaction costs are now in place with the potential to significantly increase the value of remittances. The RSE scheme and the incipient raised value of remittances have emphasised the positive role of migration. Skilled migration from both countries is significant and has an impact on the effectiveness of the health and education systems, but is regarded as inevitable. Skilling of the workforce is seen as valuable in itself and for potential migration. Return migration is inconsequential and primarily makes a limited contribution to government and the small-scale service sector. Temporary return migration of skilled workers offers some potential for reducing skill deficits, especially in the health sector, where such deficits are widespread and costly in economic and social terms and where overseas populations have valuable skills. Data on migration flows and labour deficits are limited. Government intervention in migration policy and practice is slight but has tended to seek to boost migration rather than develop policies to take greater advantage of it.

6.1 Introduction

Migration and remittances are the biggest factor in the development agenda of private households and the government as a whole.

(personal communication with a government statistician,¹ Samoa, October 2011)

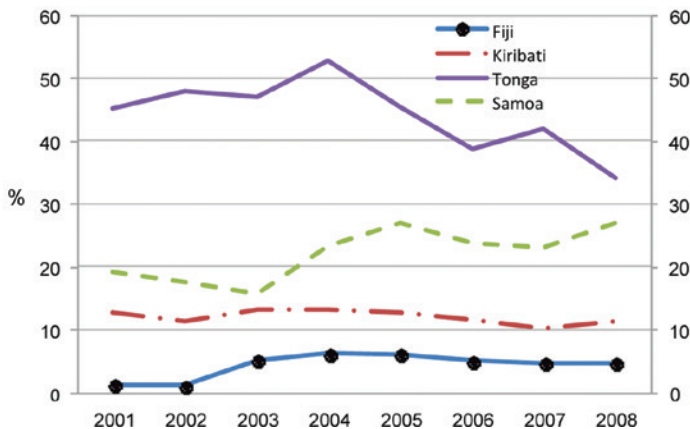
The overall aim of this two-country case study is to synthesise the available evidence on the role and impact of migration and remittances for both countries and make recommendations for policy reform to maximise the benefits and reduce the costs and risks of migration. To this end the study has three objectives. First it seeks to make

a comprehensive analysis of the challenges and benefits of migration, the policies that relate to migration and the practices implemented by the two countries to address the development challenges of migration. It then outlines the general development strategies undertaken by both countries since the 1960s, when migration first became significant, but more particularly the policies and institutional practices that have been relatively successful in both countries, eventually focusing on recent trends in remittances and short-term seasonal employment. The final part will examine how migration can be an integral and effective part of development policy-making.

Tonga and Samoa are the two island states in the Pacific that are most dependent on remittances, and few countries in the world have a similar extent of dependency. Only Tajikistan has a greater dependence on remittances as a component of gross domestic product (GDP), and the role of remittances is very much greater than in other Pacific island states (Figure 6.1). The future of migration and the flow of remittances are thus extremely important for both island states, which are now seen by some as ‘mature migration economies’ with an entrenched ‘culture of migration’ (Connell 2008, Brown et al. 2014). Although smaller Polynesian states such as Niue and the Cook Islands have greater proportions of their nationals overseas, none have comparable economic importance to Samoa and Tonga. The social and economic circumstances of the two states are broadly similar; hence they can here be considered together. Indeed it is particularly useful to do that, to draw attention to parallels in practice and policy.

Samoa, formerly Western Samoa, was the first Pacific island state to become independent, in 1962. The 2001 Population Census showed a total population of 174,140, but it was about 184,000 at the time of writing. The national economy has a narrow base, centred on tourism, with exports including agriculture, fisheries and forestry products, although none of these have flourished in this century. Samoa consists of two main inhabited islands and two small inhabited islands. Three quarters of the population, and the capital, Apia, with a population of approximately

Figure 6.1 Remittances as a proportion of gross domestic product



Source: Lin (2011)

40,000 people, are on the second-largest island, Upolu. The population balance is gradually shifting towards the Apia area. The islands are of volcanic origin and are mountainous.

Tonga is an archipelago within which 36 islands are inhabited. It consists of four clusters of islands extended over a north–south axis: Tongatapu and ‘Eua in the south; Ha’apai in the centre; Vava’u in the north; and Niuafó’ou and Niuatoputapu (the Niuas) in the far north. The economy is even more narrowly based than in Samoa, since tourism plays a more minor role, and the main exports are fish and agricultural products. At the last census Tonga had a population of 101,991 and it was about 104,000 at the time of writing. The capital, Nuku’alofa, and 70 per cent of the national population are on Tongatapu, the largest island, which is gradually growing in population at the expense of the others. Most islands in Tonga originate from coral, are comparatively flat and tend to be encircled by fringing reefs.

The most obvious differences between the two countries are the mountainous topography of Samoa and the much greater fragmentation over a larger area of Tonga. However, the similarities are much greater than the differences. Both countries have an almost exclusively Polynesian population, with a hierarchical social structure centred on hereditary leadership (with a monarchy important in Tonga), where extended families are the basic social units and Christianity is of great importance. Both have an agricultural base, with a significant proportion of the population engaged in semi-subsistence agriculture based on root crops such as taro, and development strategies largely centred on agriculture. For half a century both have become dependent on overseas aid and even more so on remittances, and in both countries more than half the ethnic population are now overseas so that Samoa and Tonga have effectively become transnational societies and economies, perhaps global villages linked electronically and by other means, the outcome of half a century of globalisation from below.

Demographically the two states are very similar. Both states have crude migration rates of –16.7 per thousand, which means that on balance Samoa has a migration outflow of about 3,050 per year and Tonga has an outflow of 1,710. The national populations are growing slowly (with intercensal growth rates of 0.7 per cent and 0.4 per cent respectively) through fertility, with their respective birth rates being 24.8 and 26.5. Both countries have relatively high population density, with Samoa having 63 persons per square kilometre and Tonga 160 per square kilometre. Since Samoa is mountainous, very little potentially productive land in either country is unused.

6.2 Economic development

6.2.1 Samoa

Samoa has traditionally been dependent on agriculture and fishing, but once-significant export crops such as bananas and taro have declined. Nonetheless agriculture employs perhaps two thirds of the labour force (with most others working in small-scale commercial ventures such as stores and taxi businesses) and the 2009 agricultural census recorded only 16 per cent of all households as not being engaged in

some agricultural activity. Agriculture also produces about 90 per cent of the volume of exports, featuring various coconut products and also fish. By value the main exports are car components, which are assembled from imported parts. Exports have declined in volume and value, with overseas aid and remittances becoming more significant as mainstays of the economy. Samoa has a large trade deficit. The manufacturing sector mainly processes agricultural products. A single factory employs about 3,000 people to make automobile electrical harnesses for an assembly plant in Australia. Tourism accounts for about 25 per cent of gross domestic product (GDP); 122,000 tourists visited the islands in 2007. Many of these were visiting family and relatives (VFR) tourists: returning Samoans. The tourism sector has been growing steadily. However, natural hazards, especially cyclones, are a recurrent threat. In September 2009, an earthquake and the resulting tsunami badly affected Samoa, resulting in nearly 200 deaths, massive damage to infrastructure, considerable costs of reconstruction and lost production. The tsunami caused extensive damage to several hotels and resorts and tourist numbers fell.

The Samoan government has called for deregulation of the financial sector, encouragement of investment and continued fiscal discipline, at the same time as protecting the environment. Samoa has generally performed well economically in recent years. Samoa has a large trade deficit, but foreign reserves are in a relatively healthy state, the external debt is stable and inflation is low. In 2010 GDP was US\$550 million with GDP per capita estimated at \$3,023 and real GDP growth at -1.3 per cent. Samoa's economy contracted over 2009 and 2010 as a result of the global financial crisis and the 2009 tsunami, but the International Monetary Fund expected it to grow by 3 per cent in 2011 as the construction and manufacturing sectors continued to improve and remittances and tourism numbers remained steady. The United Nations has reviewed Samoa's least developed country status and in 2007 recommended graduation to developing country status in 2010. However, as a result of economic reconstruction challenges in the aftermath of the September 2009 tsunami, Samoa's graduation was deferred; it graduated January 2014.

6.2.2 Tonga

Tonga has a similarly small, open economy with a narrow export base of agricultural goods. Squash, vanilla and kava are the main crops, alongside traditional root crops, after the demise of bananas and copra (although in both countries the latter is staging a revival). Similarly in both countries nonu has recently become an important niche agricultural export crop. Agriculture and fishing provide a basic livelihood for almost 60 per cent of the population, and agricultural exports and fish make up two thirds of total exports. Tonga sought to develop a manufacturing zone but, without trade concessions, this largely collapsed and the limited remaining industrialisation is primarily concerned with import substitution. Like Samoa, the country imports a high proportion of its food, mainly from New Zealand, and both countries have a high and growing incidence of non-communicable diseases (NCDs). Like Samoa, Tonga remains dependent on external aid and remittances from Tongan communities overseas to offset its trade deficit. Tourism is the second-largest source of hard currency earnings, following remittances. Tonga had 63,000 visitors in 2009–2010,

many of whom were VFR tourists. The tourism sector has potential but is weakly developed, cruise ship numbers have recently declined and tourism numbers are presently declining.

Tonga has a small economy that has not performed as strongly as that of Samoa in recent years. In 2011 GDP was estimated at \$378 million with GDP per capita estimated at \$3,648. Real GDP growth fell in both 2008–09 and 2009–2010 but for 2010–11 was expected to grow at around 1.4 per cent. The Samoan economy is thus gradually ‘catching up’ with that of Tonga. External accounts were characterised by large trade deficits throughout the 1990s, large net private transfer flows and a generally negative current account balance. The two years of negative growth reflected the impact of the global financial crisis and a consequent fall in remittances, a decline in tourism receipts, static exports (especially the decline of squash) and the impact of the 2009 tsunami in northern Tonga. The Tonga Development Bank has expressed regular concern over the lack of investment in agriculture. Tonga has a reasonably sound basic infrastructure and well-developed social services. As in Samoa, construction and infrastructure projects funded by donor grants and soft loans, and by remittances, are sources of economic growth. High unemployment among the young, a continuing upturn in inflation and rising public sector expenditure are issues facing the government. Tonga’s development plans emphasise a growing private sector, upgrading agricultural productivity, revitalising the squash and vanilla industries, developing tourism and improving the island’s communications and transport systems.

6.2.3 Comparative overview

During this century the macroeconomies of both countries, but especially Samoa, have been reasonably sound (de Fontenay and Utoikamanu 2009, Central Bank of Samoa 2010, National Reserve Bank of Tonga 2010). Nonetheless both are small open economies that are dependent on external factors beyond national control such as commodity prices, crop diseases, tourist demand (especially in Samoa) and natural hazards. Both countries have witnessed declines in domestic production of fish and agricultural goods and both have abandoned extensively subsidised national airline operations. At the same time both migration and remittances have remained as significant as they have ever been. Both countries are exceptionally dependent on remittances, mainly from New Zealand and the United States, and both have been conceptualised as migration, remittances, aid and bureaucracy (MIRAB) countries (see section 6.3). Remittances are the main source of foreign exchange inflows, and are a much more reliable source of foreign exchange than exports. The smaller volatility of remittances growth has usually been explained by the strong altruistic relationships that Tongans living abroad maintain with their family in Tonga, as in many other Pacific island countries (PICs). Remittances in Tonga predominantly come from the United States, whereas in Samoa they are even more dominantly from New Zealand. In both countries the early 2010s have witnessed considerable construction, especially of urban infrastructure (some resulting from overseas loans), while remittances have contributed to continued house and church building. The relative decline of agriculture and fisheries has accompanied a slow urbanisation.

At the same time there has also been an increase in the extent of poverty (although the word is not normally used in Samoa), mostly in relatively remote rural areas, which has further contributed to some small degree of urban migration and a flow of remittances within the countries.

6.3 The growth of migration

Early migration was internal, from the outer islands to the main island, and to the growing capitals. International migration, mainly to New Zealand, first became significant in both countries in the 1960s, but especially in Samoa, with closer connections to New Zealand (and to American Samoa, with its links to the United States). That was perhaps ironic in the decade of Samoan independence. Quite quickly migration to the USA (and American Samoa in the case of Samoa) and Australia followed, and by the end of the decade migrant islanders had gradually extended to the 'four corners of the world' (see, for example, Sutter 1989). By the end of the 1960s, for example, Samoans not only had migrated to North America but could be found in every single state and territory of both Canada and the USA, not least Alaska. Indeed it has been said that by 1970 almost all Samoans had relatives in New Zealand, with many being immediate family (Gough 2006: 34). Much the same was true of Tongans, although, with half the national population, in every destination their numbers were always smaller than those of Samoans. Without residence rights in New Zealand, Tongans and Samoans were much more globally dispersed than subsequent Polynesian migrant groups.

One difference between Samoa and Tonga is the ease of migration from Samoa to American Samoa (and often onwards to the United States), although Tongans (and others) have also migrated to American Samoa, mainly for employment in the canneries. (The recent closure of the canneries has brought a slump in remittances from American Samoa to Samoa, alongside some return migration.)

Migration was particularly significant during the last decade of the global long boom in the 1970s as metropolitan states sought expanding workforces and relaxed migration policies, and migration was facilitated when modern aircraft reached Polynesia. That set the scene for the following decades, when migration became more eagerly sought after as its benefits became more apparent, despite a tightening of restrictions on migration. Initially migrants were men, but family migration quickly followed. It was also mainly from the Apia area in Samoa and from Tongatapu in Tonga. From the 1960s onwards there was a steady flow of migrants from Samoa and Tonga and only a limited reverse flow.

Migration and the resultant remittances played such an important role in island social and economic development that by the mid-1980s smaller Pacific island states had been conceptualised as MIRAB states, where migration, remittances, aid and the resultant largely urban bureaucracy were central to the socio-economic system (Bertram and Watters 1985). The acronym of MIRAB was quite quickly extended to larger states such as Samoa and Tonga. Although it was disliked in the Pacific, for cultural reasons and because of its implication of a 'handout mentality', it nonetheless suggests the centrality of migration and remittances in the island states, and has been

largely unchallenged for three decades (Bertram 1999). By the end of the century it was evident that the small Polynesian states were part of a 'culture of migration' where migration was normal and expected (Connell 2008) and the lives and livelihoods of islanders were increasingly embedded in international ties. Put another way, both Samoans and Tongans had 'developed a migratory disposition, that is, a logic of life strategies and organized action in which migration is desirable, possible and inevitable' (Besnier 2011: 40).

By the start of the present century, migration had diversified far beyond the metropolitan rim and colonial powers. Japan had become important for some new forms of migration, notably of students and sportspeople from Polynesia ('Esau 2007, Besnier and Kitahara 2009); a handful of students are now going to China (not often particularly successfully), with some medical students going to Cuba.

Tongans have been employed in army support roles in Kuwait, and by private security companies in the Gulf region. There are huge income and remittance gains but very real disadvantages, in terms of both the loss of skills and a demanding social context. As migration became normative and embedded as a 'culture of migration', early concerns over negative impacts were marginalised and the possibility of any significant interference in the policy and practice of migration was increasingly unlikely, other than to secure additional migration opportunities. Other than the very smallest dependent territories, Samoa and Tonga have higher proportions of their nationals overseas than any other Pacific island states.

One significant difference between Tonga and Samoa is that Samoa has long had a special annual migration quota of 1,100 for New Zealand. Samoans register with the New Zealand High Commission. Usually about 2,000 register and 100 names are randomly drawn out in a ballot. Those who are thus selected must get a job offer in New Zealand, which is usually reasonably straightforward for unskilled work such as in petrol stations and meat packing plants. Skilled migrants (such as teachers), who are less likely to receive comparable job offers, since their qualifications are unrecognised, are sometimes willing to accept unskilled employment to enable migration (and thus some brain drain). The High Commission assists as many as 600 people a year to produce curricula vitae to assist in that process. However, not all do receive offers, so New Zealand never actually fills the quota – the number was about 900 in 2010 – but it represents a very significant and distinct form of migration. The constant demand for places in the ballot indicates that migration is as much sought after now as it has ever been; as one Samoan teacher said, 'every village each year has two or three *lucky ones* who win the ballot' (personal communication, italics added).

Despite the massive significance of migration for both countries, data on migration are woefully weak. Tonga has not published data on arrivals and departures since 2003 (although the Statistics Department indicated in 2011 that it was intending to resolve this problem before long). Samoa publishes summary data that were complete up to the end of 2008. That shows that in every year of the present century there was a net loss to Samoa, ranging from 324 in 2006 to 10,879 in 2008, the last year on record. The last year in which there was a positive balance was 1999 (of 2,702) and the overall net loss from 2000 to 2008 was 38,740. That represents a very steady migration flow

and one measure of the shift in demographic balance overseas. It is impossible to make similar calculations for Tonga. Given that migration is so significant, more detailed and up-to-date data are essential.

Estimating the number of overseas Tongans and Samoans is extremely difficult, partly because classifications vary from country to country. Residents of islander ancestry may or may not be distinguished in census data, and may not perceive themselves as 'islanders', so most calculations of islanders overseas are guesstimates. That is even more complicated, firstly, for Samoans, since Samoan migrants have also moved from American Samoa, and, secondly, in Australia, where an increasing amount of trans-Tasman movement of Pacific islanders from New Zealand has been of islanders with New Zealand citizenship (to the extent that the Australian government has occasionally expressed some concern about this 'back door' entry). Around 20 per cent of Australia's Pacific-born population in 2008, for example, had come into the country as New Zealand citizens under the Trans-Tasman Travel Arrangement (Bedford and Hugo 2012). Data on migration flows from Pacific island states are similarly limited, since little use is made of arrival and departure cards (even though these are routinely collected) and neither country publishes detailed data on flows; hence it is impossible to estimate the extent to which migration is selective by age, skill or home region. Both in New Zealand and in Australia some of the more significant numbers of illegal overstayers are from Tonga and Samoa, indicating the difficulties of enumeration (since few are counted in censuses), and the considerable demand for migration beyond legal channels, and especially beyond both countries' skill requirements.

Recent estimates, based on destination census data, suggest that by 2010 there were more ethnic Tongans and Samoans overseas than at home, and the balance was continuing to shift overseas. Early this century, about half of the estimated 216,000 Tongans in the world were abroad (Small and Dixon 2004). Numbers of those who consider themselves Tongans have recently been estimated at 70,000 in the United States and 55,000 in New Zealand. Australia may have a further 20,000. A broadly similar balance would probably be true of Samoans, but with the distinction that more Samoans are in New Zealand than in the United States, and many are also in American Samoa.

6.3.1 An economic rationale

Migration has largely been a response to real and perceived inequalities in socio-economic opportunities, between the two small Polynesian states, on the one hand, and metropolitan New Zealand and elsewhere, on the other. Not only is that true now but it was true a century ago, long before the great waves of outmigration, when Samoans travelled for 'economic motives, to visit family, for education, to follow the heart ... adventure' (Salesa 2003: 179). It may no longer be quite so adventurous but the basic structure has remained remarkably constant. Social influences have also been important, especially demands for access to education and health services for both migrants and their children, and such influences are in turn often a function of economic issues. Thus education 'is not only a tool of upward social mobility but also

the conduit of migration' (Besnier 2011: 40). Social factors also influenced the choice of destination. In Tonga, and to lesser extent Samoa, many of the earliest migrants to the USA were Mormons. The Church of Latter Day Saints provided new converts with a plane ticket, and access to high school in the United States, a situation that encouraged conversion. (Indeed it is possible that, simply through lacking some connections to metropolitan countries, Tonga had more Mormon conversions than Samoa.) Some of the first Tongan-American communities in the USA were in Salt Lake City, Utah, and Oahu, Hawaii. Social ties and the location of kin are now crucial factors in migration.

Migration remains, in different forms, a strategy of moving from a poorer area to a richer one in search of social and economic mobility abroad or at home. It is related both to the economic aspirations of migrant households and to national development. In most cases, families migrate as units either as skilled migrants on the basis of one of the spouses' qualifications or, more usually, as family migrants. There are, however, flows of specific occupational categories, which are dominated by one sex or the other. For instance, Tongan women have migrated as nurses whereas Tongan men have moved overseas as soldiers and employees of private security companies.

Major influences on migration have been rising expectations over what constitutes a satisfactory standard of living, a desirable occupation and a suitable mix of accessible services and amenities. In parallel with changing aspirations and the increased necessity to earn cash, agricultural work has lost prestige and the declining participation of young men in the agricultural economy is ubiquitous, despite apparently rising levels of overt unemployment. There is a widening gap between rising expectations (following the more widespread familiarity with metropolitan life) and the reality of limited domestic employment and incomes. Changes in values, following increased educational opportunities and the expansion of bureaucratic (largely urban) employment within the region from the 1970s, have further oriented migration streams outwards, as local employment opportunities have not kept pace with population growth. The increasing extent of poverty is now more evident, with a lack of 'safety nets' in both urban and rural areas. The 'youth bulge' has ensured that unemployment is particularly high among young people and there is growing recognition of the very visible existence of significant numbers of unemployed and marginalised youth in urban centres, especially Apia and Nuku'alofa (Noble et al. 2011). It has been argued that the violent riots in Nuku'alofa in November 2006, which led to eight deaths and the destruction of more than half of the central business district, were the outcome of excessive levels of youth unemployment and associated unrest. This, in turn, has stimulated a demand for emigration, so that current demand for international migration opportunities at both household and national levels is probably as great as it has ever been in both states.

Migration decisions are usually shaped within a family context, as migrants leave to meet certain family expectations, the key one usually being financial support for kin, which is principally demonstrated through the flow of remittances (see section 6.4). To a greater extent than for internal migration (where health, education and social reasons explain some part of migration), international migration is more

evidently an economic phenomenon. Migration has rarely been an individual decision. Migration is directed at improving both the living standards of those who remain at home and the lifestyle and income of the migrants. In Tonga 'there are few opportunities for socio-economic advancement in Tonga and migration is perceived as the only solution' (Morton Lee 2004: 135). In Samoa, migration was simply 'to seek wealth for all' (Muliaina 2001: 25). Consequently, 'families deliberate carefully about which members would be most likely to do well overseas and be reliable in sending remittances' (Gailey 1992: 465). Through this process, extended households, as in Tonga, have been said to have transformed themselves into 'transnational corporations of kin' which strategically allocate family labour to local and overseas destinations to maximise income opportunities, minimise risk, and benefit from resultant remittance flows (Bertram and Watters 1985). A single tombstone perfectly illustrates how one extended family of eight children originally from Ha'apai, where none now remain, migrated so that three remained in Tonga, two each were in the United States and Australia (in four different cities) and one was in New Zealand (Connell 2012).

6.3.2 Emerging issues?

From the very earliest days, migration was seen as beneficial to national and household development, despite ever-present concerns about particular issues.

Early migration from Tonga was seen as a welcome solution to, and a safety valve for, rapid population growth. With birth rates that often exceeded 35 per thousand, the national population had grown to 77,429 by 1966, more than double the 1930s level. A decade later, in 1976, the population, at more than 90,000, had almost tripled since the 1930s. Central planners in Tonga were necessarily worried about such rapid population growth in a small country dependent on smallholder agriculture with much of that land already planted (Small and Dixon 2004). By the mid-1980s, more than 1,900 Tongans were leaving Tonga every year, slowing the natural population growth rate of 2.3 per cent annually to only 0.3 per cent by the census year 1996. Concern over intensified population pressure on resources could somewhat diminish.

In Samoa, concern was more generalised, with the Fourth Five-Year Development Plan rejecting the case for emigration and arguing:

That emigration is at best a fragile solution to unemployment and balance of payments problems and, at worst, is likely to worsen these and other problems in the long term. The Plan strategy is to discourage emigration through improving economic opportunities at home, both in the traditional rural sector and in the modern urban sector.

(Western Samoa 1980: 12)

The plan represented perhaps the strongest ever opposition to migration anywhere in the Pacific island region, but there were grave doubts whether it really represented more general national perspectives on migration. No subsequent plan took a similar perspective. (The author of that section of the plan also later migrated.) By then in both countries it was evident that migrants were steadily moving away, and national

planning would be unlikely to significantly stem the flow, while the now equally evident receipt of remittances gave migration an even more positive dimension – so much so that migrant Tongans were described as being ‘Worth their weight in gold’ (de Bres and Campbell 1975) for the home economy.

The converse of rapid migration was slow domestic population growth, and reduced pressure on increasingly scarce agricultural land. However, it has long been suggested that, in Samoa for example, as people leave the agricultural labour force to emigrate, both *total* and *per capita* crop production decline and domestic and export agricultural production falls. Production declines because marginal land is not used, less labour is expended and no labour-saving technologies are appropriate for root crop and bush crop agricultural systems on stony volcanic ground. It is a plausible argument, yet there is no real evidence of this correlation. There has also been a significant attrition of the agricultural labour force and slow rural–urban migration of youth (a migration that is even more apparent from the smaller and more remote islands of Tonga). Indeed, migration was seen to reduce excessive pressure on scarce land resources, enabling those who remained to have reasonable access to land.

The outcome of several decades of migration is apparent in the gradual shifting of the population balance to the two main islands and the two capital cities. Outer islands have depopulated steadily, most obviously in the profusion of small islands in Tonga. That led to regional development plans and various policies aimed at regional development, to slow internal population movement. Samoa has long sought to develop an alternative urban centre at Salelologa on Savai'i but without success. Tonga has also sought to develop Neiafu on Vaba'u. Neither country has been able to stem internal migration.

Finally, in every decade there has been some concern over the loss of skilled workers, and that loss has usually focused on health workers and teachers, whose numbers are considerable and rates of attrition are also high. (If skills also include sporting ability then an even greater numerical loss is that of sportsmen, particularly rugby players, who earn very substantial salaries in New Zealand, Australia, the UK, France and Japan. Their loss is rarely met with equivalent concern, partly because of what is seen as an inevitability given the salary gap, let alone the shortage of training facilities etc., despite so much national pride being attached to sporting success.) The loss of skilled workers remains of concern, with even the Central Bank of Samoa, an organisation that can often attract the best workers in Samoa, bemoaning the rapid turnover that comes from migration, in its 2009–2010 annual report. Again, neither government has been able to stem the migration of skilled workers, and both have come to accept this as equally normative. Instead they have focused attention on developing a more skilled local workforce (see section 6.8.3) that may or may not migrate.

6.4 Remittances

Underpinning the economic rationale for migration are remittances. Migrants from both countries invariably send remittances; no countries in the Pacific region benefit more from remittances and this has long been the case (Connell and Brown 2005). They constitute ‘an essential economic lifeline not only at the national level

but also for individual households' (Besnier 2011: 43). A recent study of migration and remittances in Tonga (and Fiji Islands) revealed that as many as 60 per cent of all households in Tonga had at least one overseas migrant and remitter and 90 per cent of households received remittances (Brown et al. 2011). Similar percentages are evident in Samoa, where there is a widespread assumption that at least 90 per cent of households are remittance recipients. Few households, and probably only the more well-off, do not receive remittances.

Such high percentages indicate that widespread assumptions that 'all migrants send remittances' are unlikely to be far from the truth, especially as payments are dispersed (James 1993). Seemingly permanent migrants and highly skilled migrants are just as likely to remit. Health workers send very high levels of remittances – or at least Tongan and Samoan nurses did over a decade ago – sustained over long periods of time, to the extent that their remittances are almost certainly substantially above the training costs (Brown and Connell 2004, 2006). Other skilled workers are likely to be similar, although their remittances, as in a recent Samoan survey, are not substantially greater than those of unskilled workers (Shuaib et al. 2007).

Migrant extended households are consequently characterised 'by remittance transfers among various component parts of the "transnational corporations of kin" which direct the allocation of each island's family labour around the regional economy' (Bertram 1986: 820). In so doing, they not only help to maintain these family and communal networks but even enlarge their social fields of interaction, incorporating them into multilocal networks of support and empowerment. Thus, for households in Samoa, 'having young wage earners abroad diversified families' earnings streams and reduced their dependence on high-risk activities. Having family members in several locations abroad diversified earning sources and reduced risk levels still further' (Macpherson 2004: 168). Moreover, Macpherson goes on to argue that 'Families, using intelligence from migrants abroad, periodically surveyed risks and returns in various enclaves and encouraged others abroad to relocate in places in which returns were found to be higher and risks lower' (Ibid.). In this way Samoans were, for example, encouraged to join the US military because jobs were assured, wages were higher and education could be obtained without loss of earnings. 'If this analysis depicts Samoans as calculative and instrumental, it is because in relation to risk and return they are necessarily so ... [as] risks and returns available in various places were formally canvassed and modeled by families' (Ibid.). While this sort of household consensus certainly occurs, and demonstrates the significance of access to the migration–remittances nexus, it has been argued that applying the same kind of model in Tonga tends to portray families as in agreement about their economic aims and functions, whereas there are often conflicts and tensions within them (Morton Lee 2004: 136). Moreover, over a decade ago, James argued that in many Tongan villages remittances were becoming individualised and that the idea of a transnational community of kin was becoming increasingly invalid (James 1993: 361, Morton Lee 2003: 31). The extent of greater individualisation is impossible to determine, but such conflicts over use emphasise, rather than downplay, the role of remittances.

In both countries remittances are more or less three times the value of exports and in both cases they are substantially more than aid, and overall equivalent to both aid and

trade combined. They are also the only two Pacific island states where remittances – which might be envisaged as ‘self-help’ aid – are greater than formal aid flows (Table 6.1). They play a more important role than in such significant migrant-sending countries as the Philippines, Bangladesh and Yemen. Remittances are very much the main source of income; hence, firstly, what happens to them is of considerable importance for development and, secondly, households and countries are necessarily anxious to ensure that remittances flows do not decline and preferably increase.

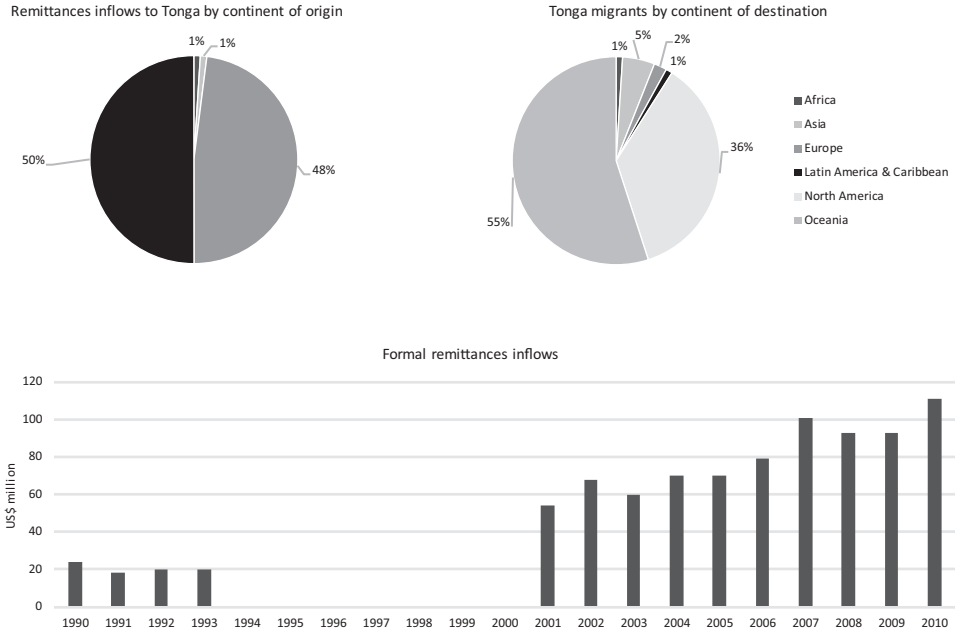
At an aggregate level, remittances steadily increased into the 2000s but in 2009, with the onset of the global financial crisis, Tonga recorded a decline from 175 million pa'anga in 2008–09 to 150 million in 2010–11. From that low level, remittances gradually increased again in the calendar year 2011. By contrast, although Samoan remittances peaked at 367 million Samoan tala in 2008–09, in the next two years the totals were 345 million and 369 million. In other words, Tongan remittances fell after the crisis but Samoan remittances were more or less stable. That is probably a function, firstly, of Samoan remittances being more likely to come from New Zealand rather than the United States (and particularly the west coast) so that the rebound was also slower (see Figure 6.2). In New Zealand and Australia the recession that followed the financial crisis was cushioned by access to unemployment benefits that enabled a less significant fall in remittance levels. In Samoa the then director of research in the Central Bank recognised that, as more overseas Samoans were made redundant, as a result of the recession, there was concern that this would lead to decreased remittances to local families: ‘Hopefully the dole would save the remittances and maintain it at a healthy level, however there are pressures on Samoans overseas and the dole may not be enough’ (personal communication, October 2011). Secondly, the October 2009 tsunami in Samoa resulted in sustained remittance sending – a typical remittance

Table 6.1 Contribution of trade, aid and remittances to GDP in Pacific countries, 2003

Country	Imports (% of GDP)	Aid flows (% of GDP)	Remittances (% of GDP)	Exports (% of GDP)
Cook Islands	46.0	3.5	0.7	4.9
Fiji	49.2	2.3	7.0	30.1
Kiribati	99.4	31.5	12.0	6.9
Marshall Islands	55.8	53.9	0.6	9.3
Federated States of Micronesia	47.3	49.7	1.0	6.5
Nauru	71.0	35.5	n/a	25.5
Niue	68.7	15.1	n/a	1.5
Palau	71.5	20.5	n/a	7.3
Papua New Guinea	31.4	6.4	0.2	47.8
Samoa	51.3	10.4	14.2	5.2
Solomon Islands	28.6	25.7	0	25.2
Tonga	74.1	16.3	39.2	11.6
Tuvalu	75.6	38.6	35.9	0.9
Vanuatu	58.7	11.7	3.3	42.4

Source: Redden and Duncan (2009)

Figure 6.2 Migration and remittances, Tonga

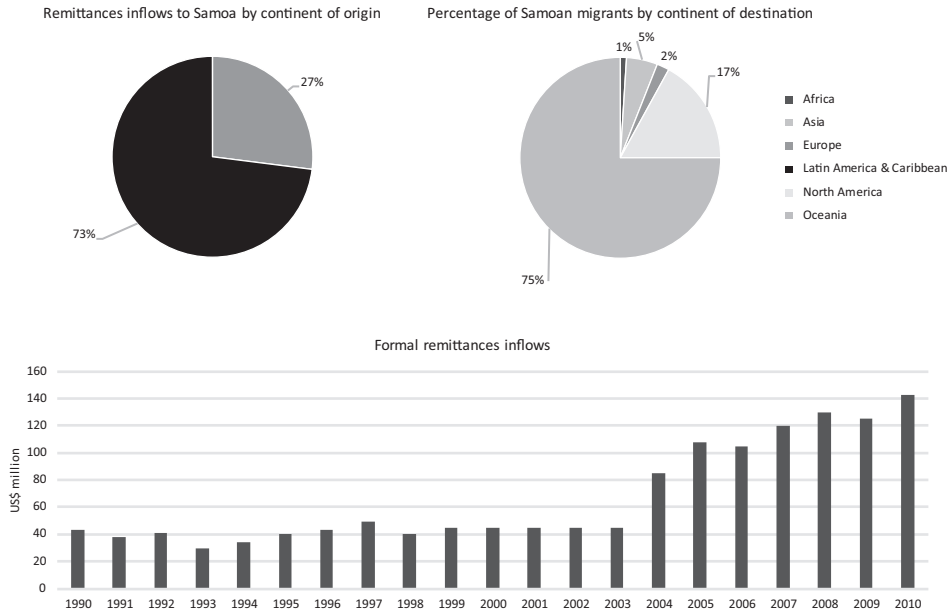


Note: Values are not displayed if they are less than 1 per cent. The figure for 2010 is an estimate.
Source: Melde and Schicklinski (2011)

situation. Although it also affected the northern islands of Tonga, these had previously received very high levels of remittances. That contrasts with many global contexts, where the situation was more like that in Tonga (e.g. Ratha et al. 2009).

The impact of the estimated reduction of around 60 million pa'anga (A\$40 million) over the period following the global financial crisis significantly affected the income of many families and reduced their purchasing power, with a consequent negative impact on businesses, government and the economy as a whole. The Reserve Bank of Tonga believed in 2011 that private remittances were unlikely ever to recover to the high level they had reached in 2008, highlighting the vulnerability of the country's economy to fluctuations in the global economy; there was no obvious reason why they should recover. In Samoa, at least by early 2011, remittances had returned to 'normal' pre-crisis levels, and perhaps exceeded them, as some overseas Samoans compensated for the previous difficult period.

The geographical sources of remittances vary (Figures 6.2 and 6.3). In 2010–11 some 40 per cent of remittances to Samoa came from New Zealand, with 25 per cent each from Australia and the USA, and a mere 4 per cent from American Samoa. Geographical origins are important. A 2006 study in Upolu (Samoa) showed that monthly remittances to a sample of households averaged US\$186 but they varied from \$161 from American Samoa and \$166 from New Zealand to \$192 from Australia and \$305 from the USA (Shuaib et al. 2007). In other words the level of remittances had a close relationship to the mean income levels in the destinations.

Figure 6.3 Migration and remittances, Samoa

Note: Values are not displayed if they are less than 1 per cent. The figure for 2010 is an estimate.

Source: Melde and Schicklinski 2011

However, the actual measurements of flows are imprecise and the amounts are probably greater than these official national bank figures, since, firstly, a significant proportion of remittances are not formally recorded but are estimated from banknote transactions (which in Samoa means excluding one third as tourist transactions) and, secondly, a significant proportion of remittances is in kind. Although, through the 2010s, this has been estimated at about 2–3 per cent of remittances in Samoa (and quite possibly a similar proportion in Tonga), the value of in-kind goods are characteristically undervalued at the customs point of entry, and is likely to be at least double that proportion. In-kind transfers tend to be greater in response to hazards (as after the 2009 tsunami).

In-kind remittances are common. A recent survey in Samoa found that two thirds (64%) of households received in-kind remittances (usually in addition to money) and these included consumer durables such as televisions, microwave ovens and refrigerators. Food and clothing were also common (Shuaib et al. 2007). Overall they constituted a very wide range of goods, especially in Tonga, where they are more likely to be sold in local flea markets (Brown and Connell 1993, Besnier 2004), thus effectively increasing the value of the remittances. Goods include clothing, food, electrical goods and furniture. Cars and other vehicles have also been sent as remittances, especially in Samoa, after the change over to driving on the left in 2009, and are distinguished as a separate category in national remittance data.

6.4.1 The impact of remittances

By the 1960s there was some degree of consensus about migration and remittances in the Pacific region. It was generally accepted that remittances were an important part of the benefits of migration for all Pacific islanders. As early as 1962, Pirie and Barrett (1962: 95) predicted that emigration and the resulting remittances would become central to Samoan economic planning, and quite quickly the predicted level of remittances formed a crucial element in the formulation of early national development plans. More than 50 years ago, Pirie observed that Samoans in New Zealand had remitted some US\$15 million and that this was 'of major assistance to Western Samoa in meeting its overseas payments (1960: 596). Not very long afterwards, Shankman recorded that 'In 1974 20 per cent of the Western Samoan population was overseas and remitting over 50 per cent of the national income' (1976: 29). This situation was broadly similar in Tonga (Connell 1983a, b), although there was less adequate documentation of these early trends. Since then remittances have remained at similarly high levels.

In these early years, remittances were primarily used for consumption needs, including food and clothes, but also for improved housing. In the 1970s, remittances in Samoa were mainly used for personal consumption or to support the traditional economy (Shankman 1976), yet as much as 41 per cent was being used for house building (Kallen 1982). Indeed, in many Tongan and Samoan villages in the 1970s and 1980s it was possible to identify the households that had absent migrants, since they were usually the ones with some form of modernised housing. The assumption that remittances were primarily used for consumption lingered long, despite growing evidence of more diverse uses. Conventional 'wisdom' still suggests that remittances are overwhelmingly used for consumption objectives, and that inadequate amounts are directed towards investment. However, after debt repayment, new forms of consumption – which are important – housing and some community goals (such as water tanks and churches), air fares and education (an investment in social capital), remittances are used for various forms of investment, sometimes in the agricultural sector but more frequently in the service sector, and especially into stores and transport businesses (Connell and Brown 2005). The use of remittances for the education fees of younger kin both creates human capital and potentially raises skill levels; hence it has future benefits and links to future migration.

In Samoa and elsewhere, remittances have constituted the start-up money for many shopkeepers and other small entrepreneurs. Half of all market vendors in Apia (Samoa), all of whom received remittances, claimed that some had been used as capital for the purchase of seeds, fertiliser and tools to engage in food production for sale (Muliaina 2001: 28). Even on small outer islands, such as Falahola (Tonga), remittances have been used for economic ventures, ranging from agriculture to tourism, although remoteness has limited their success (James 1991: 18–20, Faeamani 1995). This transition has also occurred in South Asia and in many similar Caribbean island environments (Connell and Conway 2000). Where conditions are appropriate for adequate income generation, even where remittances have reached high levels, the private sector may flourish and be stimulated by remittances.

Remittances tend to induce higher savings rates, although much less than expected in both countries, and stimulate business activity. Where there are opportunities, and where consumption goals have been satisfied, remittances are used for investment, stimulate entrepreneurial and trading activity, increase the extent of formal sector employment and produce multiplier effects.

Recipients are usually either the adult siblings or elderly parents of the remitters, together accounting for 68 per cent of recipients in one recent Samoan survey, and the heads of the recipient households are usually the prime decision-makers about the use of the remittances (Shuaib et al. 2007). Remittance recipients make efforts to invest where they can, and there is minimal evidence that any part of the economy is abandoned or neglected, to be replaced by remittances. Nonetheless, it is implausible that remittances have no disincentive effects, although there is remarkably little direct evidence of this. In the case of Tonga, Sturton has argued that ‘The Tongan economy displays all the characteristic markings of the “Dutch disease” where a dominant export activity attracts a disproportionate command over resources, pushes up domestic production costs, and reduces international competitiveness. In the Tongan case the “booming” sector has become development assistance and migrants’ remittances’ (1992: 3). Similarly Faeamani has argued that, through the combination of the loss of young adults and an inflow of cash in the form of remittances and goods, ‘there is a consequent reduction in garden size and production’ (1995: 140). At a macroeconomic level there is no evidence of ‘Dutch disease’ in Tonga, since the real exchange rate does not appear to be affected by remittances (Lin 2011), and that is highly likely also to be the case in Samoa. More generally, several authors have stressed general and wide-ranging notions of dependency that remittances appear to create, and the growing shift to the monetisation of activity.

A significant proportion of remittances support ‘traditional’ customs and obligations. This is at least in part because economic opportunities are few, so investing in a custom avoids what would amount to ‘intensive self-exploitation in agricultural activity’, gives villagers both respect and autonomy (Evans 2001: 17–18) and maintains traditional social ties. In many respects the use of remittances plays a key role in reinforcing a traditional set of values centred, in Samoa, on *fa'alavelave* (personal and family obligation) and similarly in Tonga, enabling cultural and even economic continuity. Even sellers in the Nuku'alofa (Tonga) flea market, most of whose goods arrived as remittances, and who might be seen as involved in trade and investment, the fetishisation of cash and sales rather than gifts, thus epitomising the rise of market capitalism, preferred to see themselves as located within complex, reciprocal exchange systems that ‘maintained the social integrity of Tongan society despite diasporic fragmentation’ (Besnier 2004: 19). It is simply more appropriate to engage in exchange and gift giving rather than sale and purchase; hence commercial practices are downplayed in favour of social obligations. Moreover, in both countries a significant element of remittances is communal social objectives, including support for sporting teams but particularly support for local churches. Few churches have been constructed in recent decades in either country without remittances playing a very important role. In Tonga it is currently estimated that about 18 per cent of private

remittances go to non-profit organisations, such as churches and sports clubs, and the impacts on churches are highly complex (Macpherson and Macpherson 2011).

The social and the economic cannot be disentangled.

In early years, when migration was in its infancy, remittances contributed to and emphasised inequality. There is now no consensus on whether remittances improve or worsen income distribution and inequality. Until relatively recently the dominant view was that remittances still tended to reinforce income inequality, by enhancing the capacity of recipient households to invest in additional migration, education and other income-generating assets. However, as migration has become more extensive this perception is no longer valid. Macroeconomic data suggest that remittances have not led to increased inter-household income inequality, at least within Tonga. Some early studies (e.g. Ahlburg 1991) found that the distribution of household income with remittances was less skewed than the distribution without remittances, and other recent studies have indicated that inequality is a function of many factors, of which the migration–remittance nexus may be an unimportant or tiny part (Evans 2001, Muliaina 2001). The most recent studies of migration and remittances in Tonga (and also Fiji) have shown that those households with migrants were more likely to have a higher income, independent of remittances, but the direction of causality was unclear, and the impact on income inequalities equally unclear (Brown et al. 2011). Growing evidence thus suggests that remittances are more likely to have a positive effect on income distribution (Brown et al. 2006: 83–86, Brown et al. 2011). Remittances have been an effective strategy for reducing household risk. Emigration from Tonga and Samoa was initially costly, so the first migrants came from wealthier households, thus worsening national income inequality. Over time, as migration became less costly and more widely accessible, more households received remittances, and income inequality diminished, although asset accumulation differences persist. Comparing income distribution and relative deprivation with and without remittances indicates that remittances perform a positive redistributive and social protection function, having a positive impact on both poverty alleviation and wealth creation, although the strength of that impact varies within countries. Migration and remittances increase investment in human capital and therefore contribute to the improved health of those remaining in the origin communities.

The benefits of remittances from workers on the new temporary migration schemes have been similar to those from more permanent workers and indeed may have contributed more to equity and regional development. Within the Pacific the schemes have proved to be both generally pro-poor, because of local selection procedures, and not localised in particular regions but rather spread throughout sending countries (Gibson et al. 2008, Blanco 2009). In some sources there is weak evidence of lost productivity, not necessarily in Tonga and Samoa, which may also have had negative impacts on diet and health (Rohorua et al. 2009) but was almost certainly balanced by income gains that counteracted lost production. More general research on remittances and development in Tonga (and Fiji), which has pointed to positive gains in terms of poverty reduction (Brown et al. 2011), is further confirmed in work on the impact of remittances from the temporary workers in both New Zealand and Australia on

families and communities in Tonga (see Chapter 4). Preliminary indications are that this has also been the case in Samoa, especially since remittances are particularly significant quantitatively in Savai'i, the poorest island, where they make the highest proportion of household incomes: 22 per cent compared with 10 per cent in Apia, although incomes are 50 per cent higher in Apia, where remittances make up the lowest proportion (Gibson and McKenzie 2011). These studies have further shown that remittances have reduced both the incidence and the depth of poverty (Gibson et al. 2008, Blanco 2009). Savings supported welfare gains in terms of improved housing and education, even if agricultural productivity may have declined slightly during the contract labour period.

Remittances (and short-term overseas earnings) thus amount to social protection, providing a steady and reliable source of income for consumption among poor and vulnerable households and therefore some degree of poverty alleviation. In some respects the use of remittances has scarcely changed: supporting social organisation and the development of improved housing, contributing to education, enabling the purchase of some luxury goods (notably cars and now mobile phones) and some degree of investment in land or small business, where this is possible. What has changed is that this is happening in all parts of both countries, even the most remote islands, and notions of what constitutes a satisfactory standard of welfare and housing are steadily being revised upwards.

Overall, remittances have substantially contributed to welfare in most states, especially improved housing, and to raised levels of consumption. Despite widespread concerns that remittances are spent rather than invested and constitute a 'moral hazard' by reducing the incentive of recipients to work, there is limited evidence in support of this view. Remittances are invested where this is feasible and opportunities exist and, as in other parts of the world, there has been a shift in the use of remittances from consumption to investment (Connell and Brown 2005). Remittances have contributed to employment (especially in the service and construction sectors) and eased balance of payments problems, despite contributing to inflation. Moreover, remittances have been sustained to a higher level and over longer time periods than has been predicted, or than has occurred in other parts of the world. This has often entailed some sacrifices by senders, to the extent that this may have hampered their own futures.

A number of conclusions on remittances are therefore possible. Firstly, there has been a consistently substantial and growing volume of remittances (making up a significant and crucial part of national income, in excess of the value of exports and aid). Secondly, the use of these remittances has gone through a partial transition from consumption to investment, as many consumption goals have been met, at least in part. Thirdly, remittances have been particularly important for the most remote islands, where development needs are less well met (and conceivably even reduce inequality). Fourthly, remittances contribute to valuable objectives such as human resource development, and are a means of maintaining social networks and creating social capital. Remittances fund education, which is highly valued, both in a general sense and for the development of specific skills (for example in health provision), in order

to create human capital for potential migration. Overall, remittances are positive and satisfying for households but insufficient in and of themselves to influence national development goals. Fifthly, households seek to increase incomes by migration and remittance strategies, even by fostering obligations and ‘implicit contracts’. Even with imperfect knowledge, households are consciously making decisions in favour of the quantity and quality of education of children, which boost their chances for migration and thus the supply of remittances (Brown and Connell 2004). Migration and remittances thus stem from and contribute both directly and indirectly to human capital formation. They are the single most important contribution of the diaspora to development in PICs.

Remittances compensate for skill losses, though they largely flow to the private sector and only incidentally support the public sector, where most skills are generated. Moreover, remittances are maintained for very long times – beyond what has hitherto been recorded in most other world regions – and in quite new socio-economic contexts. The most striking conclusion of the few detailed studies of Tonga and Samoa is that individuals’ remittances do not decline over time, emphasising that migrants are ultimately motivated by factors other than altruistic family support, such as asset accumulation and investment at ‘home’, as the intergenerational flow of remittances takes on a more individualistic element (Brown 1998). Despite an abundance of predictions that remittances will fade away over time, as migrants find new commitments elsewhere, they have resolutely failed to do so, in a wide range of contexts (Brown et al. 2006). As long as there are needy kin in the islands, remittances will reach them. This also reflects the pervasiveness of island social mores, and perhaps some discrimination in destinations that increases the desire to maintain island social ties. For whatever combination of reasons, there is room for some degree of optimism that remittance flows will not decline significantly in the near future, but alongside pessimism that this will not continue indefinitely, especially for non-migrant generations. Thus far at least, the migration–remittances nexus has proved sustainable.

Remittances are a major contributor to development and household risk reduction in both countries. Remittances even reduce the need for migration. However, they should not be considered a substitute for public investments or official development assistance, but should be seen as private income that can complement public sources for funding development.

6.4.2 The future of remittances

Because of the continued and increasing significance of remittances, the sustainability of remittance-dependent development is particularly important – but necessarily uncertain – especially if, in the countries of origin, the need for remittances grows faster than its supply or if the number and flow of migrants dwindle. The rate of growth of migration to major destinations has declined in recent years because of economic recession in destinations, and the restructuring of migration controls, with migration becoming more selective towards those with skills. Even with continued migration, however, an imbalance is expected to occur because of the dynamics of settlement migration. With family reunification and with greater integration of migrants in

the host communities, their ability and willingness to remit have been expected to decline over time. If that were so, without other sources of income, the future of the economies of remittance-dependent Pacific countries would be uncertain.

Only recently have second and third generations of Pacific islanders grown up outside their island 'homes'; hence the extent to which they will remit to the island Pacific is not well known. There is some evidence that the links of second-generation Samoans in New Zealand and Tongans in Australia with Samoans in Samoa and Tongans in Tonga respectively are declining (Muliaina 2001, Morton Lee 2003, 2004). Anecdotal evidence points to the growing individualism of overseas migrants, but especially to the increasing numbers of second-generation islanders born overseas, and the reduced likelihood of such people sending remittances to their 'home' countries, especially if they take up host country citizenship (Connell 2006). Data on Tongan and Samoan nurses in Australia indicate that even skilled migrants sustain remittance levels at high levels and over long time periods, but that information dates from the mid-1990s (Brown and Connell 2004, 2005), though circumstances may not have changed. The limited available evidence on the remittance patterns of the second generations indicates that they respond only indirectly through the urgings of their parents, and contribute very limited sums. This is particularly significant as migration opportunities decline and the number of overseas-born 'islanders' becomes the majority. After the GFC some Pacific Islanders born overseas were becoming more open about refusing to send remittances (ABC Radio Australia, 7 April 2009). Overseas-born Tongans (or 'Tongans') in New Zealand, as also in Melbourne at least, are now a majority rather than a minority. Not only does this probably mean that for all these groups their remittances are limited, but their social and economic ties are likely to increasingly be with each other rather than with 'home', so accentuating this trend. Nonetheless it is possible that the rise of social media (see below) may reverse the trend.

6.4.3 Making remittances more effective

Remittances are partly social insurance (for possible return), partly welfare provision and partly investment. Migrants who see little prospect of return for whatever reason, and envisage their kin joining them, remit relatively little or even nothing. There must be incentives: notably a national development strategy that supports established households and welcomes and enables the prospect of return migration. Questions remain over what will happen among second and later generations as contacts with home diminish. Many Tongans in Australia have lost interest in continued financial support of their overseas kin, as their sense of *kavenga* (obligations) has declined over time, yet assumptions about declining remittances are yet to be generally verified – they can hold up well for 20 years – and technological change enabling superior and cheaper communication, both mobile phones and social networking, and the use of bank cards for transferring money, perhaps even 'diaspora bonds', may slow any decline. The most probable brakes on remittances will be a slowing of migration, for whatever reason, and the death of potential recipients at 'home'.

Since remittances are beneficial, how might countries and households gain greater access to them, stimulate flows and use them more effectively? Almost certainly flows

could be increased, although it is widely understood in both Tonga and Samoa that most migrants already battle hard to establish themselves in a distant destination, and send back what is requested (and often more), sometimes even impoverishing themselves in the process. Persuading migrants to consistently send more is unlikely to be successful (despite the spikes that invariably follow natural hazards). Some migrants, briefly returning to Samoa and Tonga for visits, choose to stay in hotels to avoid what they see as excessive demands within villages.

Two processes are presently in train to ensure that a greater proportion of intended remittances are received, by reducing transaction costs, which ranged from 15 to 25 per cent of the remittances as recently as the late 2000s, and were a particular impost on small states, and improving the financial (and technological) literacy of remittance recipients (Gibson et al. 2007): firstly, continued efforts by the World Bank group based in Sydney to develop financial mechanisms that would reduce costs, and, secondly, efforts by the United Nations Development Programme (UNDP) Pacific Financial Inclusion Project (PFIP) to work with mobile phone companies in the PIC region in order to introduce technologies that will enable remittances through mobile phones, as part of a broader ongoing programme to develop financial literacy in the region.

Samoa and Tonga are two of the countries included in the PFIP, which is seeking to ensure that all schoolchildren receive financial education as part of core curricula, all adults have access to financial education, simple and transparent consumer protection be in place and the number of households without access to basic financial service be halved between 2010 and 2020. The core objective was to provide a climate where remittances could be more effectively received and used. By 2011 nine secondary schools in Samoa were offering enterprise and financial education, and Tonga had prepared implementation strategies and was awaiting funding.

More formalised transfers of remittances, enabling their more effective use as temporary capital, have been suggested both globally and for PICs, along with suggestions for modifying exchange rates to make sending remittances more attractive (Brown et al. 1995, Jayaraman et al. 2010, see also Gamlen 2008), but these too have been resisted by migrants seeking to maximise the household utility of remittances, and conscious that remittances are private money, and by governments disinclined to disturb remittance flows. Migrants often distrust their home governments, banking systems, with which they are unfamiliar, and the lack of an attractive investment climate. The outcome has invariably been private investment rather than investment that directly benefited national development. Present policies seek to get around this constraint.

A whole suite of financial possibilities that have been used elsewhere, such as bonds for expatriates (as in India), tax breaks for returning investors (as in the Philippines and Cape Verde) and special savings accounts (as in Morocco and Senegal), have rarely been considered in Samoa and Tonga. Policies to encourage the mobility of capital (or even the development of particular investment policies, bonds or bank accounts, for overseas nationals) need to be thought through carefully so that existing residents are not disadvantaged in any way.

In Samoa and Tonga, remittances were a 'golden goose' and none sought to disturb it, despite occasional invocations for change. Fifteen years after Brown and colleagues (1995) had made recommendations about using incentives to encourage remittances to be sent through financial institutions, offering higher interest rates for remittance deposits and otherwise removing constraints to sending remittances through formal channels, Jayaraman and colleagues (2010), seemingly independently, developed an almost identical set of proposals. By then, governments and financial institutions had finally begun to take note and some restructuring was in place.

Samoa established the Unit Trust of Samoa (UTOS) in 2010 with the goal of its being 'an investment vehicle for an ordinary Samoan out in the village, a small farmer or fisherman' and an opportunity for overseas Samoans to invest in Samoa. Its prospectus stated 'If you are a Samoan residing overseas, investing in UTOS can be an ideal investment if you are looking at investing in Samoa, or simply to "connect back to your roots"' (Unit Trust of Samoa 2011: 7). However, at least in the first six months of operation, neither of these two groups had shown much sign of investing in UTOS. There is no indication that Tonga has offered similar kinds of investment vehicles or bonds.

6.4.4 Reducing transaction costs

Since the middle of the first decade of the twenty-first century, spearheaded by the main money transfer operator (MTO), Western Union, there has been a proliferation of money transfer companies in both Samoa and Tonga. That alone has resulted in enormous competition for business and a consequent significant reduction in the costs of transfer. Until that point, transaction costs in the Pacific were about twice those in other world regions. With pressures on companies from governments, mainly New Zealand and Australia, rapid technological innovation, new financial and technological access and literacy, the greater use and more widespread availability of automated teller machines (ATMs), a rising proportion of people with bank accounts, and the remarkable rise of mobile phones, costs have been reduced even further.

In the mid-2000s, transaction costs varied according to the mode of transfer. Using bank drafts or money transfer companies to send money, for example from New Zealand to Tonga, cost around 15–20 per cent, whereas recipients using ATMs could reduce the cost to about 4 per cent. The costs of remitting to Samoa and Tonga from Australia were roughly the same as from New Zealand, and transaction costs from the United States were even higher. After the liberalisation of Samoa's financial system – and the subsequent entry of MTOs – the cost of remittances dropped from a high of 24 per cent in 2009 to 13 per cent in 2011 (Tavita 2011). Although that brought the transaction cost down from about twice the global average in 2009, it was still about twice the global average in 2011, as costs declined further elsewhere. The structure of that decline has been complicated.

Frequent remittances of relatively small amounts, around NZ\$200, which were relatively common, incurred a higher cost than a single remittance of \$2,000 (Gibson et al. 2007). Although Western Union was the most well-known company, other money transfer companies existed, with a range of charges, such as *Melie mei Langi*,

a relative newcomer run by a Tongan church, whose charges were less than Western Union, but which doubled the transfer costs for outer islands, beyond Tongatapu. Even more recently, in 2011, the telecommunications company Digicel entered the market, to enable remittances to be sent by mobile phone to both Tonga and Samoa (and, slightly earlier, to Fiji) from New Zealand and Australia.

Around 2006 Tongans remitting from New Zealand tended to use the main MTOs, Western Union (51%) and Melie mei Langi (29%), with the next popular means being giving money to a traveller (7%), once one of the most important means of transfer. Some 7 per cent was transferred through banks, and just 1.4 per cent used Westpac ATM cards; only 5 per cent realised that this was possible. Lack of knowledge of other channels, and the presence of Western Union in rural Tongatapu and on outer islands (in distinct contrast to ATMs), resulted in its continued dominant use (Gibson et al. 2007). Travel to distant ATMs and other outlets has been estimated to cost as much as 30–50 per cent of the value of the remittances. Almost certainly the situation was roughly the same in Samoa. For both countries the cost of sending remittances from Australia was significantly higher because of the different regulatory context and because Australian banks were not interested in remittance services (Australian Government and New Zealand Government 2010). Since remittances are a particularly significant component of incomes in relatively remote places, including Savai'i in Samoa and the Niuaus in Tonga, reducing the transaction costs and ease of access would significantly boost household incomes in these places.

If most people used Western Union (or Digicel, let alone more expensive options) rather than ATMs, the potential loss to Tonga (and Samoa likewise) could be as much as 4–5 per cent of GDP, a very substantial national loss. Adding to that losses from Australian and US transactions (the latter being the source of most remittances) emphasises the substantial national loss, somewhat greater than in Samoa. Not only would reducing transaction costs remove this particular loss but it would be likely to generate some increase in the level and regularity of remittances, and ensure that almost all remittances went through formal channels.

Achieving a reduction in transaction costs has largely come from external pressures. The Westpac ATM remittance card required extensive policy reform in New Zealand in order to become operational, and 2008 legislation allowed both New Zealand and Australian senders to remit money through the international electronic funds transfer at point of sale (EFTPOS)/ATM network (Porter 2009). However, the take-up rate was not as rapid as had been expected and there were operational problems resulting from misplaced cards and forgotten personal identification numbers. Westpac consequently contemplated withdrawal from a dual card scheme, and the Australia and New Zealand Banking Group (ANZ) partnered with Visa to develop an alternative.

Australian financial institutions slowly responded to calls from the government, and stakeholders in the Pacific, and brought down the cost of remitting money. The Parliamentary Secretary to the Treasurer, David Bradbury, stated in Samoa (2011) that 'Remittances from Australia are a significant component of the national income of many of our Pacific neighbours ... Until recently, remitting money from Australia

had attracted relatively high fees that eroded the funds that would otherwise have been used to support communities in their destination countries.' In July 2011 Westpac substantially cut its telegraphic transfer fee for remittances to the Pacific of less than A\$500 from A\$30 to A\$10, and their inward telegraphic transfer fee was waived for those with Westpac accounts in the Pacific. ANZ was intending to launch a stored-value card that had the potential to cut remittance fees to around 6 per cent of the total amount remitted. At the destination end the national banks are naturally supporters of reduced remittance costs. The Central Bank of Samoa is a leading advocate for greater access to formal financial services in Samoa, and has made the issue of remittance services central to its platform. Governor Leasi Tommy Scanlan has noted that 'remittances services are some of the only formal financial transactions many Samoans make, and therefore ensuring they are of a high quality and provided at a low cost will help many deserving Samoans' (Central Bank of Samoa 2011).

At the October 2011 Commonwealth Heads of Government Meeting in Australia, Australia further stated that it would continue to make it cheaper for migrants from Commonwealth developing countries working overseas to send money back home. The Foreign Minister, Kevin Rudd, announced a A\$3.5 million package to provide practical support over the following two years to drive down the costs of sending remittances: 'our support will change lives. It will mean more dollars make it home to pay for school fees, health care and to put food on the table'. The Parliamentary Secretary to the Treasurer recognised that a major impediment to facilitating remittance flows was the relatively high cost of transactions. The global average cost of sending remittances is approximately 9 per cent of the total amount remitted. The Hon David Bradbury MP, Parliamentary Secretary to the Treasurer, stated:

Already Australia and New Zealand's website, www.sendmoneypacific.org, has contributed to reducing the average cost of sending \$200 to Pacific island countries by approximately \$6 or 3 percentage points between January 2009 and June 2011. The assistance announced today will support developing Commonwealth countries in setting up their own mechanisms to increase transparency and competition in the remittance services market.

(Former Minister for Foreign Affairs 2011)

Australian funding was also intended to support the uptake of new technology, such as mobile banking services, to increase access to financial services for the poor and help improve the development impact of remittances.

In order to make the transaction costs more visible, the Australian Agency for International Development (AusAID) and the New Zealand Aid Programme (NZAid) jointly established a publicly searchable database of the costs and other characteristics of various forms of remittance transfer, based on that created for a project of the UK's Department for International Development (www.sendmoneyhome.org). The www.sendmoneypacific.org website was set up in 2008 to make costs and options more transparent. The World Bank has undertaken a review of www.sendmoneypacific.org to assess its effectiveness and provide recommendations on its future. Although informative leaflets have been produced

in both Polynesian languages (and others) and English, it is uncertain how many remittance senders actually refer to it and use it.

In November 2011, *sendmoneypacific* listed 23 distinct ways of sending remittances from New Zealand to Tonga (and 28 from Australia), with costs for the transfer of NZ\$200 ranging from 1 per cent to 27 per cent, averaging about 14 per cent. *KlickEx* was much the cheapest at 1 per cent, *Digicel* cost 4 per cent and *Melie mei Langi* cost 8.5 per cent, undercutting *Western Union* at 14 per cent. The more expensive forms of transfer were through the standard commercial banks and were probably infrequently used. New companies were constantly emerging, such as *Exchange4free* from the UK and the New Zealand-based *KlickEx*.

At that time, perhaps typically, one small Tongan company – *Rowena Financial Services (RFS)*, agents for the New Zealand company *IMEX* – dealt with transactions, mainly from New Zealand and Australia, amounting to about T\$40,000 to T\$50,000 per week, with an average transaction of T\$255 (about A\$180), on which it charged a fee of about T\$18. Alongside New Zealand charges, this amounted to about 11.5 per cent, undercutting *Western Union* but not *Melie mei Langi*. *RFS* believed that other customers used *Western Union* because it was more easily accessible around Tonga, but its own customers were loyal to *RFS* because it had been tried and tested over time, and it was willing to stay open late and be open on public holidays. In effect, therefore, *RFS* worked like many other small money transfer companies in having a particular group of users (some of whom could be identified as particular religious or community groups). *RFS* argued that it (and other organisations) could not easily cut costs without larger numbers of remitters and higher volumes, and felt that telephone banking would not be successful unless there were readily accessible cash outlets.

In 2011, phone remittance transfers became possible. The use of mobile phones for sending and receiving remittances had been pioneered in the Philippines, with remittances credited to a virtual bank account or e-wallet, stored on the phone, and with transaction costs amounting to about 1 per cent. Both Samoa and Tonga have more than one provider of mobile phone services, but *Digicel*, which entered both Tonga and Samoa in 2007, quickly became the largest telecommunications company in both countries (and also in Vanuatu and Fiji). In 2011, it sought to offer a similar model in all these countries. *Digicel* found that money transfers between Apia and other parts of Samoa were effective and sought to make such national transfers international.

Digicel is incorporated in Bermuda and has virtually 100 per cent coverage of the Commonwealth Caribbean (as well as Haiti and elsewhere) but it could not be determined whether the company worked in the same way in the Pacific as in the Caribbean and had benefited from that experience. *Digicel* launched its *Mobile Money* service in Fiji in mid-2010 and in both Tonga and Samoa in 2011, at the same time reducing the cost of mobile phone ownership dramatically, making it available to a much larger number of people, and setting up networks of agencies to provide credit services etc. The service was supported by the UNDP's Pacific Financial Inclusion Programme, AusAid and the GSM (Groupe Speciale Mobile) Association's *Mobile Money for the Unbanked (MMU)* initiative, which had been

particularly involved in Africa. After experimentally launching the scheme in New Zealand in October 2011, Digicel announced a month later that the mobile money service would also be established in Australia, enabling residents to send money to those countries at A\$4 per transaction:

No bank account is required by the recipient and access to the money is more convenient than ever. Money on the phone can be used as a mobile wallet to buy food and household goods, pay bills or send Digicel Top Up credit or withdraw cash and purchases and cash withdrawals can be made at over 300 participating stores and service agents throughout the Pacific islands.

(Baselala 2011)

The Digicel scheme was initiated in New Zealand (with a NZ\$3 cost for each transaction), since it was argued that there was a smaller market there than in Australia or the United States. The charge is a flat rate but transfers are limited to \$500 per day. It claims to be 'uniquely positioned to offer a real alternative to the traditional bricks and mortar-based remittance models' (Digicel Pacific 2011). Although take-up numbers were initially small, they accelerated rapidly from the end of 2011. The company expects that it will in due course extend to the larger market of the USA, from which there has already been enquiries (and where some people may be familiar with the Philippines context).

To participate, recipients in Tonga (and Samoa) merely need a \$5 SIM (subscriber identity module) card. Digicel provides text advice to customers that they have received cash and customers can pay bills (including Digicel bills), make intra-country transfers or withdraw the money. Tonga and Samoa have virtually universal adult literacy so texting has quickly become familiar. Cash withdrawals are possible from Digicel's two offices in Nuku'alofa, one at the airport, and its offices in 'Eua, Ha'apai and Vava'u, but also from its 22 agencies in Tongatapu, 14 in Vava'u and 8 in Ha'apai. That means that virtually throughout Tonga (the Niuaus are beyond range) recipients are able to access cash both nearby and quickly. In Samoa, phone coverage and agencies are effectively nationwide: 30 agencies were claimed in mid-2011. (It is worth noting that Digicel alone directly employs several hundred people to market mobile phones and provide support services in both countries.) Since getting to where money might be withdrawn has long been costly in both countries, the national network of agents is extremely important in reducing those costs.

Information on current mobile phone usage and availability in the two countries is not easily accessible. Mobile phone use in Tonga had certainly reached about half of all households by 2009 and had been growing at a rate of 35 per cent between 2003 and 2008. In Samoa, 82 per cent of all households used mobile phones as their most important means of communicating with people overseas; remarkably, the reliance on mobile phones was greatest in Savai'i and least in Apia (Gibson and McKenzie 2011), where land lines are more common. In Tonga, some 77 per cent of households with members temporarily working in New Zealand had a mobile phone (Gibson et al. 2008), and by 2011 there was a widespread view that 'most' households had them (except in the Niuaus, which are out of range). At least three quarters of households in

both countries now have access to a mobile phone; hence access to telephone banking extends at least this far, and phones make access to remittances nearly instantaneous. Although the costs of mobile phone ownership may be high, mobile phones have become as crucial an accessory as anywhere else in the world. Indeed, phones are obviously as popular as in 'developed' countries, with gaming features particularly attractive to adolescents.

Although in some countries relatively few households have bank accounts, which limits the means of access to remittances, in Samoa and Tonga rates of account ownership are much higher, partly reflecting the long duration of remittance receipt. In Samoa about two thirds (67%) of households have a member with a bank account, and 21 per cent have a member with an ATM card, but that proportion is five times higher in urban Apia than in Savai'i (Gibson and McKenzie 2011). Comparable data are unavailable for Tonga but the Reserve Bank believed that ATM use is at least on a par with that in Samoa. A key goal of the UNDP's Pacific Financial Inclusion Programme is that of enabling low-income households to participate effectively and knowledgeably in the financial system, partly through having formal accounts and partly through better knowledge of money transmission and use. In some respects, phone use will make this much easier to achieve.

Obstacles to the more cost-effective use of remittances have included the ease of receiving them, with people in distant villages having trouble getting to a place where they can withdraw the cash: people have to wait around at these points, where they can withdraw cash, constantly checking to see if the money has been received there yet. Mobile phones obviate any need for this. Moreover, ease of sending and ease of access to remittances are likely to result in regular, smaller remittance flows, which may avoid the temptation of wasteful expenditure (conspicuous consumption) that can accompany occasional large sums.

In both Samoa and Tonga, money can now be transferred from overseas and within the countries, with the ease of sending a text message. New companies are offering lower rates for remittances, and mobile phones are poised to be the next stage in remittance transfer. Mike McCaffrey, of the Pacific Financial Inclusion Programme, has recently said, 'Improving remittance services is no longer a technological issue, those pieces of the puzzle are here. The issue now is formulating partnerships to improve access to these products and to build awareness of them' (personal communication, October 2011). That is already happening.

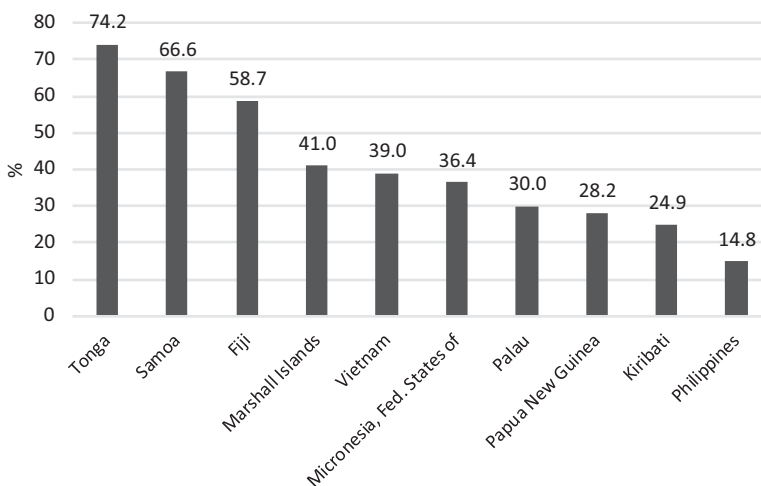
Revolutionary changes are currently in place concerning the cost, delivery and access of remittances. It will be important that recipients have the financial literacy to manage remittance flows (but that is no new problem). There are likely to be teething problems in the growth of ATM systems and telephone banking, but old loyalties will be tested and it is highly likely that, one way or another, electronic banking will quickly result in access to increased remittances and a boost to national GDPs. Given the possibility of significantly increasing the share of remittances flowing into Tonga, and with the capacity to eventually benefit remote areas, the adoption of mobile banking appears imminent. Changes are constant, fluid and beneficial to both countries.

6.5 Skilled migration

There is a widespread assumption that the proportion of skilled and highly skilled workers among all migrants is increasing, as a result of shortages in the receiving countries, some of which – as in New Zealand and the United States – have led to private sector recruitment in the Pacific islands. In practice it is most likely that migration is so pervasive that, certainly in Samoa, it represents a cross-section of all Samoans, since even the most unskilled have means of migration. (One trend in Samoa, for example, has been a rise in adoptions in both New Zealand and Australia, where ‘children’ up to the age of 23 may be adopted – invariably by close relatives in those countries – and so migrate. In New Zealand alone these run at about 600 per year.)

Nonetheless the migration of skilled workers is very significant. Indeed Samoa and Tonga are the countries in the Pacific region most affected by skill losses, in terms of the proportion of skilled workers who are overseas (Figure 6.4). As one director of health observed: ‘you can’t tie professionals down. We can’t go against migration. There are too many obligations that drive us away’. An equally senior education bureaucrat said: ‘we look at it positively’. On the list of the top 30 countries with the highest migration rates for skilled migration to member countries of the Organisation for Economic Co-operation and Development are eight Pacific island states, notably Tonga and Samoa. Tonga is said to have more PhD graduates overseas than any country in the world. Emigration rates are especially high among women, with 63 per cent of them being skilled migrants (Docquier et al. 2007). The two groups invariably singled out as the main categories of skilled workers are health workers and teachers. (Football players also make up a growing proportion of skilled migrants.)

Figure 6.4 Pacific island countries: percentage of tertiary-educated national populations living outside their country of birth, 2000



Note: The figure is somewhat distorted because Tonga, Samoa and Fiji have proportionately large numbers of educated nationals whereas the other PICs do not.

Source: Ratha and Xu (2009)

Engineers, information technology professionals and economists are in short supply. But the loss of skills goes far beyond that and often into professions where numbers are small, so even a handful of migrants may be a critical loss. Conversely, over and over again it is reiterated that there is a shortage of people with good management skills. Low remuneration (especially compared with metropolitan countries), poor promotion opportunities, limited training and further educational opportunities, and poor working and living conditions, particularly in remote regions, are push factors for skilled migrants. Doctors are twice as likely to migrate as nurses because wage differentials are greater, and because most nurses are women and men are often the primary decision-makers regarding migration (Brown and Connell 2004). A growing shortage of skilled workers in the region has also contributed to increased intra-Pacific migration, with workers migrating to countries offering better work conditions and salaries, such as Samoan nurses moving to American Samoa and tourism workers to the Cook Islands, and various skilled workers going to Nauru (including health workers from Tonga). There is some weekly commuting from Samoa to American Samoa.

Within the region the most significant migration of skilled workers is into regional and international organisations such as the various bodies of the Council of Regional Organisations in the Pacific (the Secretariat of the Pacific Community, the Secretariat of the Pacific Regional Environment Programme etc.) and the UNDP (as well as the Commonwealth Secretariat!). The first such group of individuals remain in the region but are no longer specifically involved in national development; hence, this is sometimes seen as a regional brain drain (cf. Liki 1991).

Many such regional workers subsequently work for international organisations or migrate rather than return to national governments. (Some argue that a parallel loss is that of skilled workers becoming employed by transnational corporations whose interests are not necessarily those of island states.) Ironically, such workers are highly visible in the region and provide a model of successful migration.

Skilled workers in general, and health workers in particular, are a significant proportion of migrants to metropolitan states because of the increased focus on skilled migration (within declining immigration numbers) in most destinations, and the continued (and increasing) demand for health workers there (see section 6.8). Each of the principal destinations for skilled migrants – the USA, Canada, Australia and New Zealand – has the acquisition of permanent skilled migrants as one of the objectives of its immigration policy. Indeed they have increasingly even become competitors in trying to attract highly skilled (and entrepreneurial) migrants. Skilled migration is unlikely to decrease, given the significance of skilled worker shortages in each of the ‘standard’ destinations, and increased shortages in newer, more distant markets.

A recent study undertaken of the attrition and migration of nurses from Tonga has demonstrated the substantial extent of migration (and attrition) of one particular skilled group over an 18-year period (Cama 2010). There is every reason to believe that the outcome would be very similar in Samoa. Of the 344 graduates from the single source of nurses within Tonga, more than a quarter (27%) had migrated by the end of that time period, a significant loss to the Tongan system (Table 6.2). Of

Table 6.2 Summary of enrolment at Queen Salote School of Nursing, 1987–2006

Year of intake	Annual intake of nursing students	Graduates by year	Attrition	Number of nurses who migrate
1987	40	32	8	14
1988	39	31	8	14
1989	39	29	10	13
1990	22	18	4	9
1991	20	15	5	9
1992	8	6	2	4
1993	13	9	4	5
1995	10	10	0	4
1996	14	13	1	5
1997	12	11	1	6
1998	14	13	1	4
1999	23	18	5	7
2000	20	17	3	6
2002	25	22	3	9
2003	26	22	4	2
2004	30	21	9	1
2005	42	33	9	3
2006	33	24	9	0
TOTAL	430	344	86	115

Source: Cama (2010)

the 115 who had migrated, 95 were in New Zealand, 10 in Australia and 1 in the USA. Of those in New Zealand, at least a third were still involved in nursing but as many again were probably no longer involved.

Ironically many of these migrants become part of a 'brain loss' or 'brain-waste' because their qualifications, despite often contributing to gaining them entry, are unrecognised in the destination country. Many Tongan nurses and Samoan teachers, for example, are unable to gain employment in the health or education service in New Zealand.

There is a shortage of skilled workers in both Tonga and Samoa, but very little formal information exists on labour shortages in either country and most information is anecdotal and/or based on widespread assumptions. Thus, declines in agricultural production are widely attributed to a loss of agricultural workers (and the unwillingness of young people and the unemployed to work in agriculture, perhaps discouraged by remittances) but there is almost no information to test this supposition. Quite clearly there are shortages, measured by vacancy rates, in both health and education in both states, as also in police forces and other areas. In the Public Service Commissions in both states this is clearly recognised, but maintaining good records across the public sector is difficult.

Ahlburg and Levin wrote of migration of Tongans and Samoans to the United States alone, 'Emigration results in the permanent loss of young educated skilled labour

from the Pacific island nations. Skilled labour is in short supply and emigration probably hinders development' (1990: 84). That was true two decades ago and is no less true now. It is certainly true in the health sector, where more costly (and sometimes less skilled) replacements have sometimes been required, and in the movement of sportsmen. However, measuring the impacts of loss is difficult. In the health sectors, basic needs are probably less well satisfied, required activities are not undertaken or are undertaken by less skilled people, especially in more remote areas, and there is a loss of morale among those who have remained, as working conditions deteriorate. Waiting lists and times lengthen and examinations are more cursory, or complicated by new cultural differences. Organisations lose a sense of corporate memory and continuity. Training is constant, and often costly. Because of the necessity for appropriate skilled training, it is more difficult to make substitutions for absent skills in the health workforce (or transfer them from elsewhere in the public service). It is scarcely less difficult or costly to train teachers, accountants or professionals with other lost skills. Yet much of this is qualitative and not measurable.

Losses are equally difficult to measure in other sectors. In both Samoa and Tonga, science and mathematics teachers from secondary schools are the ones most often lost, partly through migration and partly from attrition, since sciences and mathematics teachers are most easily able to find better paid jobs within the public sector. In Tonga, the loss of industrial arts and technical and vocational education and training teachers is a particular problem. At the time of writing there were only five qualified plumbers in Tonga; not only is it hard to get access to them but they have no time to be tutors in plumbing at the Tonga Institute of Science and Technology. Here too, migration and attrition are combined. In Samoa, 52 teachers left the service in three and a half years between 2000 and 2005, eroding the quality of curriculum delivery (Afamasaga 2006). Tonga was losing teachers at a similar rate. In a different sectoral context, an acting chief medical officer said: 'If they leave in their hundreds, we must train them in their thousands.' Japan International Cooperation Agency and other volunteers also fill in. Scholarships do not always fill the right positions: Tonga is short of high-level agriculturalists, economists and marine scientists.

Actually measuring what constitutes a shortage of skilled workers is therefore difficult. As one former Tonga government official said:

We have lot of our students overseas. It is very good for them.

Q: But wouldn't it be good if they all came back?

No. They can earn a good salary overseas and send money home. The government can't afford to pay them. And we have enough doctors, and we get specialists on tour from overseas, and many people can afford overseas treatment ... My brother is a doctor at the hospital, but he is waiting for someone to come and replace him, then he can retire.

Sentiment, policy and practice can be complicated.

The widespread existence of skilled migration, and what amounts to a brain drain, has constituted a major loss to Samoa and Tonga. Migration has been selective by skills,

yet repeated reports on aid delivery in the Pacific have drawn attention to issues of management and governance and referred to the need for skills and superior training. The extent to which skilled workers can be encouraged to return from overseas, either permanently or temporarily, or to benefit the region otherwise, is thus of some importance (see section 6.7). However, skilled workers also send remittances, and the fragmentary evidence indicates that their remittances are sustained at levels above those of unskilled workers and continue for a long time, with decay not occurring until after 20 years (see section 6.4). This indicates that the economic costs of skilled migration are not as great as has been feared and are probably outweighed by the benefits, even if training is in the public sector and remittances are private (although it is impossible to accurately cost the health disadvantages of high levels of emigration).

Despite concern over the existence of a significant skill drain, few attempts have been made to develop baseline data on sectors and occupations where the skill deficit is greatest, even in the public sector. Although there are well-known general deficits in both the health sector and the education sector, little is otherwise known of the impact of migration on labour shortages in other critical areas. Inevitably, this makes developing appropriate policies that target the diaspora somewhat difficult.

6.6 Unskilled migration: the Recognised Seasonal Employer scheme and the Pacific Seasonal Worker Pilot Scheme

If skilled migration is perceived as a problem – at least in terms of the loss of skills – that is certainly not the case for unskilled migration. Indeed, the migration of relatively unskilled workers has increasingly been deliberately encouraged. Both governments have sought out means of increasing flows and have also sought to improve local skills, perhaps as a means of migration, most recently through the Australia-Pacific Technical College (APTC, see section 6.10.2). In recent years, the most significant change in unskilled migration has been through the Recognised Seasonal Employer (RSE) scheme with New Zealand, and the more limited Pacific Seasonal Worker Pilot Scheme (PSWPS) in Australia.

At different times in the past, Samoa and Tonga have sought short-term overseas employment opportunities. Tonga and Tongans requested migration opportunities in New Caledonia, and elsewhere, in huge numbers (Connell 1983a: 39), while Samoans travelled more or less discretely, but illegally, to work as short-term guest workers in New Zealand (Macpherson 1981), with outcomes very similar to present-day schemes, for which they may have been something of a model. Either requests for international employment were denied or they lasted only a short term, but the demand in both Samoa and Tonga was indicative of both national and household support for migration.

A growing number of studies (e.g. World Bank 2006) advocated that migration opportunities for Pacific islanders be broadened to enable short-term migration, mainly to work in the agricultural sector, where there were labour shortages. This would allow Pacific islanders to work temporarily overseas and return home after a period of less than a year. In response, New Zealand established a Recognised

Seasonal Employer (RSE) work scheme in 2007 that provided seasonal employment in the agricultural industry, as part of a strategy to address a persistent shortage of workers in New Zealand's horticulture and viticulture industries. See section 4.5 in Chapter 4 for a full description of the New Zealand RSE scheme.

For a number of reasons Australia was slower to introduce a parallel agricultural worker scheme (Maclellan and Mares 2006) but the initial success of the RSE scheme in New Zealand was something of a catalyst for change in Australia. In 2008 the Australian government announced the introduction of the Pacific Seasonal Worker Pilot Scheme (PSWPS), modelled on the New Zealand RSE scheme and almost identical to it. See section 4.6 in Chapter 4 for a discussion of the PSWPS.

Thus far the only detailed assessment of either scheme in Tonga and Samoa has been undertaken for the first phase of Tongan migration to Australia. It is discussed in some detail in section 4.6.1 in Chapter 4, with a more fragmentary analysis of other Samoan and Tongan contexts, developed in discussions or from general overviews.

6.6.1 Tongans and the RSE and PSWPS

Tongans have been the largest group involved in both the Australian and New Zealand schemes, both in absolute numbers and in the proportion of nationals who have taken advantage of the scheme. When it was announced, as many as 5,000 people signed up, and many of these have had the opportunity to go. Late in 2011, more than 300 were working in Australia and about 1,400 in New Zealand. Tonga preferred the New Zealand organisational structure, since workers were directly recruited by employers rather than the 'third party' intervention of recruitment companies involved in Australia. Like other RSE countries it had its own list of work-ready workers.

One of the largest of these employers, for both Tongans and Samoans, has been Mr Apple, New Zealand's largest vertically integrated grower, packer and exporter of apples. Mr Apple has fourteen orchards (the largest produces 350,000 cartons each year), three packhouses (which pack 2.5 million cartons of apples each year) and one coolstore. During the harvest season its workforce reaches over 1,500, with seasonal workers from many countries. Mr Apple employed about half of all Tongan RSE workers and a similar proportion of the Samoans. Over time the company preferred to recruit experienced workers and, where possible, village groups with leaders, to ensure harmony in the workplace and at recreation.

Although all Tongans were free to register as work-ready, as elsewhere, Tonga sought to ensure that as many as 65 per cent came from the outer islands (anywhere other than Tongatapu). Recruitment also involved the Niuas despite the cost of checking the suitability of workers from there. Women were a small proportion of all workers.

Most workers spent several months in New Zealand and returned with significant incomes, which they spent in similar ways to Tongan workers in Australia and Samoans in New Zealand (described in greater detail in section 6.6.3). The money was used for constructing better toilets, education costs, mobile phones and, more occasionally, second-hand cars. No significant loss of labour was evident in the villages

of origin, and wives tended to 'miss' husbands more when there were rumours of the income being used for drinking etc.

Despite efforts to secure village leaders within work groups, and the government's establishment of a country liaison officer based in New Zealand, Tongans tended to abscond more than Samoans (even in Tonga it was argued that that was because of the effectiveness of the *matai* system as a means of social control).

See section 4.6.1 in Chapter 4 for a full description of the PSWPS Scheme in Tonga.

6.6.2 Samoans and the RSE

Samoan participation in the RSE began in 2007 and took a broadly similar form to that in the other kickstart countries. However, unlike other countries (where the programme was usually based in departments or ministries of labour), it was based in the Prime Minister's Department, where a special unit was eventually formed, indicating the significance attached to the scheme.

Starting in 2007, and in response to newspaper advertisements, the government drew up a work-ready list of over two thousand people (that is, healthy people with medical and police clearance of working age, none of whom were skilled). A small number were women, and 15 per cent of those who participated in the scheme were women. Annual numbers have never exceeded 1,400, and despite Samoa now entering the fifth year of participation, more than a thousand on the list have yet to have an opportunity to participate. That has resulted from both a familiar situation of companies wanting to employ workers who have already been involved, so that potential returnees have a comparative advantage, and almost all Samoan workers ('everyone' according to one government comment, and almost 90 per cent in survey data) wanting to go back again. Some had signed up five times, and had become experts able to maximise their incomes from piece work.

Remarkably, a survey in 2008–09 revealed that only a quarter of all adults in Samoa had heard of the scheme, and those who had had only a limited awareness of what it entailed. Awareness was greatest in Savai'i and least in rural Upolu (Gibson and McKenzie 2011). That suggests at least that access to the scheme was limited by awareness.

Workers were recruited apparently from throughout Samoa, and some recruiters recruited outside the work-ready list, as they were allowed to do. Half of a sample of returned RSE workers were resident in Savai'i and almost none were from urban Apia, indicating that the RSE scheme primarily supported people from the poorest part of the country. Within districts some priority appears to have been given to 'deserving' applicants, suggesting that there were some equity and pro-poor implications. However, some of that particular bias may have been counteracted by the same workers returning regularly. Moreover, survey data indicate that RSE workers came from households with an average income of ST\$24,177 compared with ST\$21,433 for non-RSE households. RSE workers came from households with an average size of 7.7 people, rather larger than the national average of 7.1 (Gibson and McKenzie 2011).

There was no solid evidence that their absence resulted in lost agricultural (or other) production. To counter the possibility of lost productivity and declining food security, Samoans were recommended to plant additional taro before they left, which would then be ripe when they returned. Perhaps significantly, a random sample of Samoan households showed that those who had previous exposure to the RSE scheme were more likely to be involved in business or economic activity than households without migrant workers (Gibson and McKenzie 2011), although the direction of causality is not clear. They were also more likely to be engaged in unpaid economic activity, indicating that they had largely returned to agricultural work, especially in Savai'i.

Over a period of time the incomes earned were relatively substantial (more than in the single-year Tongan case above). On average the RSE workers remitted approximately NZ\$3,300, and brought back a further \$1,800, with an additional \$400 for village community use. Subtracting necessary expenditure (air fares, visas etc.) the net income gain averaged about \$4,500. Only half of all returned workers reported earning as much as they had expected, but about a quarter of all workers did not stay for the full term, partly because there was less work available than expected. Some 90 per cent of earnings was therefore intended for household use, although it may have been subsequently used for community objectives (Gibson and McKenzie 2011). The income was used for both household objectives (developing new cattle farms, constructing modern houses – *fale palangi* – purchasing cars etc.) and village objectives (village pigsties, school buildings etc.). One group of 12 men from a village just outside Apia was reported to have returned with NZ\$25,000 for village goals. It is not clear whether workers were expected to support the village or were recruited on that basis. New skills were acquired that were perceived to be valuable: time management, managing their own lives in a new context and budgeting (using ATMs etc.). The agricultural skills were of no great significance.

The worst problem that workers experienced in New Zealand was the climate, especially when at work, followed by the food. On balance, the Samoan government recognised that the RSE scheme had had positive implications for all concerned, the two governments and the workers (and their families and villages), but recognised its numerical limitations. They expected neither a geographical nor a sectoral expansion, but saw the greatest likelihood of some expansion coming in the trades sector or care-giving. There was some concern over whether, if such an expansion occurred, Samoa would have adequate human resources to respond without significant losses.

6.6.3 Overall perspectives on RSE and PSWPS

Within Tonga particularly, both schemes have proved to be generally pro-poor, because of local selection procedures in favour of those without wage employment, and with some 65 per cent of those on the list of work-ready applicants coming from the outer islands (the poorer areas, and effectively the reverse of population distribution). In Samoa there was a pro-Savai'i bias, but although Savai'i is relatively poor it is not clear if this was a pro-poor bias (Gibson et al. 2008, Gibson and McKenzie 2011, Blanco 2009). However, the surprising discovery in Samoa that only a quarter of all adults had heard of the scheme, and that the majority of those who

did not apply for it were unaware of the requirements, raises questions about equity of access (although no comparable data exist elsewhere).

There is very limited evidence of lost productivity in particular labour sources. It is balanced by income gains that counteracted lost production. The remittances of seasonal workers have reduced both the incidence and the depth of poverty (Gibson et al. 2008, Blanco 2009), since short-term migrants have a particular propensity to return and thus save. Their savings supported welfare gains in terms of improved housing and education.

It is particularly significant that the RSE (and probably the PSWPS) has opened up opportunities for substantial income gains for people in regional areas who, in both countries (and in Vanuatu), are not interested in longer-term migration. Thus, in Samoa, most of those who have participated in the RSE are not interested in applying for the Samoan quota for migration to New Zealand; indeed some 81 per cent of participants in the RSE had never applied for quota migration (Gibson and McKenzie 2011).

For a detailed overview and assessment of the schemes see sections 4.7–4.10 in Chapter 4.

6.7 Return migration

Not surprisingly, there is also return migration to both countries, and once again it is poorly documented, although there is some evidence of a bias towards the less skilled, except in places close to the capitals, where return migration may be more common and skilled migrants have also returned to where they can commute to urban employment (Maron and Connell 2008). That process contributes to the emerging imbalance between growing urban centres and declining peripheries. Return migration has, however, often been of unskilled workers and retirees, although, other than retirees, it is probably just as diverse as migration. One new and unfortunate trend in both countries has been the deportation of convicted islanders, mainly from the USA, who make very little positive contribution after return (Pereira 2011). Moreover, it is common for the media of both countries to report that perpetrators of serious crimes are returned migrants.

Many overseas migrants have some interest in contributing to the development of their home countries, and Tonga and Samoa are no exception; hence the expenditure of a significant proportion of remittances through community organisations on broad-based community projects. However, as population data indicate, return migration is quite limited. At no time during the past quarter of a century has there been substantial return migration to Samoa or Tonga, despite the centrality of an ideology of return. The paucity of return migration is at least partly due to the great differences between metropolitan and island states (usually the initial rationale for migration), and few economic opportunities, but also to a host of social factors (notably the education and stable upbringing of children). A recent survey in Upolu (Samoa) found returnees in only 9 out of 148 households (Shuaib et al. 2007). The return migration of those

with skills has tended to be limited, in part because those skills cannot necessarily be practised locally, but more frequently because return migrants are poorly paid. However, even skilled migrants do return, despite the discrepancy in wages and working conditions, often for family reasons or to establish businesses, which may have been initially funded from remittances (Brown and Connell 2004, Connell 2009a,b). In overseas Tongan and Samoan Polynesian households that include nurses, those most likely to return have business investments at home (Brown and Connell 2004). It is, however, possible that schemes might be devised to enable the short-term migration of those with valuable skills (see section 6.9.4).

Since economic opportunities are limited in many island states, return migrants tend to be absorbed within the service sector, as in Tonga, where remittances have been used to set up market stalls which become the prelude to stores and small business ventures (Brown and Connell 1993, Besnier 2004). Returnees thus tend to be absorbed into the small-scale service sector, sometimes duplicating existing services, such as taxi and retail businesses, and are less obviously in export-oriented productive activities. (In Tonga, participation in the small business sector is now scarcely possible, as a wave of Chinese immigration has ousted small businesses.) Disappointments discourage other returnees, and return migration may be the start of a new phase of circulation.

Alongside capital, returning skilled migrants at least are believed to bring with them new skills and knowledge (that is, social remittances) acquired elsewhere, which may prove to be beneficial in local and national development. Many of the skills brought back are not easily used or effectively absorbed, though this is particularly true of temporary migration, whether of agricultural workers or of seafarers, where workers are involved in activities that are absent at home, and with a work organisation and discipline that is not easily transferable. However, new ideas, norms and practices may not necessarily be either beneficial or welcomed, if they threaten an established social, economic and political order or are inappropriate for a different scale, direction and resource base of development. Change is not always welcome in hierarchical societies where an established order prevails and limited opportunities exist.

Limited return is also a function of a social context where the children of migrants are educated in the destination country, have lost some degree of contact with 'home' societies, even to the extent where they have lost critical linguistic and other skills, and perceive few opportunities to use and benefit from skills acquired overseas. Return migration is constantly deferred ('until children leave school', 'until enough money is saved', 'until retirement' etc.) until the point where it becomes implausible. This is also linked to a gradual shift in the demographic balance, especially in the Polynesian states, from those states to the metropolitan fringe; relatives are increasingly likely to be found in destinations and thus there is reduced incentive to return to what is less likely to be seen as 'home'. This has obvious implications for the return migration of skilled labour. There is also some resistance to return migration in islands where those who have stayed resent returnees as having 'voted with their feet' to abandon their home islands and as having returned to compete for scarce opportunities.

A significant part of return migration is to take care of older relatives rather than directly contribute to national development. Encouraging the return migration of skilled workers who might usefully contribute to national development demands a package of policies, much like those required for retaining health workers (see below), that operate both within and beyond a particular sector of the workforce.

Meeting the challenge of encouraging the return migration of more of those with useful skills is particularly difficult in small island states. Ultimately, return migration has not solved labour shortage problems and, like the Cook Islands, Fiji, Palau and other Pacific island states, Samoa and Tonga have turned towards Asian labour markets for replacements, although not without tensions and social conflicts.

6.8 Retention

Given that the loss of skills is important, is it possible to develop policies that would retain skilled workers rather than subsequently seek to benefit from remittances or return migration? The most obvious means of preventing international migration of skilled health workers (SHWs) is simply to ban migration, and refuse to recognise or issue passports. This has never been discussed in Samoa or Tonga for obvious reasons, and outright bans on the emigration of SHWs, and others, are implausible for ethical, political and, above all, economic reasons.

Very well-established structures of migration exist in Samoa and Tonga, influencing both skilled and unskilled workers. Most islanders have moved to take advantage of superior wages and salaries, and to improve the lifestyles of their children and extended families, mainly through education and socio-economic change, so without significant domestic changes migration is likely to continue, where such aspirations remain, and kin are increasingly overseas. Moreover, in both countries freedom of international movement is widely regarded as a right and it is expected that current generations should benefit from it as did earlier generations. There is also a feeling in some quarters that skills may be more effectively used overseas and that migration and remittances are a major aspect of social responsibility.

Not only has the rationale for migration been more or less the same for fifty years, and in various countries far beyond these two, but many policies for slowing and reducing the negative effects of migration are both long-standing and constantly reiterated even within one sector (Connell 2010), indicating the problems attached to developing and implementing retention policies. Moreover, governments in Samoa and Tonga have never sought to discourage international migration, and have been even less likely to do so in the present century.

There are rare tensions between government departments, where migration is perceived as a valuable economic policy but inappropriate for achieving superior health or education status. Nonetheless, in countries where migration is regarded as a right, and despite intermittent concern over excessive migration, there has been no sustained interest in preventing it, or seeking compensation for it. Remittances are compensation enough.

6.8.1 Codes of practice and memoranda of understanding

The international migration of health workers, in particular, has led to growing concern over excessive losses, particularly from sub-Saharan Africa. With increasing awareness of the adverse effects of health worker migration on health systems in source countries, the demand for ethical recruitment strategies increased at the end of the last century, as other forms of control have been lacking, impractical or inadequate. The approach to some form of more 'managed migration,' negotiated and regulated between countries and regions, has been contingent on the growing realisation both that source countries cannot prevent migration and that accommodation to it might provide benefits, notably through remittances and return migration.

One of the more significant developments in recent years has been the World Health Organization (WHO) Global Code of Practice – the ethical framework guiding countries in the recruitment of health workers – which was finally agreed to in 2011. It had a lengthy genesis, dating back at least to Nelson Mandela's call in 1997 to regulate 'poaching,' and the several regional codes, notably that for the Commonwealth and later the Pacific one. It also derived from the Commonwealth Secretariat's *Protocol for the Recruitment of Commonwealth Teachers* (2004). As the WHO was moving towards the code it was simultaneously declaring 57 countries (many either small island states or in sub-Saharan Africa, including all the independent Pacific island states, and therefore Samoa and Tonga) short of health workers. The code opposed the 'active recruitment' of health workers. While stopping short of the complex and contested concept of 'compensation,' it emphasised that some reciprocal provisions ('mutuality') should be put in place – enabling and encouraging training and return migration – so that skills and skilled workers will return. An invaluable, unique and necessary moral achievement, it is voluntary. Many (sometimes a majority of) health workers move freely without recruitment, as they do in Samoa and Tonga, and the code can never be a panacea (partly because it excludes the private sector); it is a 'soft law' that needs to be monitored carefully. Implicit in the code is that all countries should train adequate numbers of health workers for their own nations – a task that poses enormous problems for many. Without greater national self-sufficiency, migration will be encouraged in one form or another.

Before the development of a global code, the independent Pacific island states adopted a regional code. The ministers of health from PICs agreed in 2005 to develop a Pacific Code to provide a mechanism to facilitate recruitment of health workers between and from PICs within a framework based on 'mutuality of benefits' for all, a form of managed migration (see section 6.10). This so-called Samoa Commitment recognised that the loss of skilled health workers through migration, where there was already a shortage, had serious implications for the health of Pacific people. The code was different from previous codes in both emphasising the need for evaluation of its effectiveness and for mentioning compensation, because of the costs of training migrants, for example through the provision of training programmes, the transfer of technology and financial assistance to the source countries concerned.

Four years later, the Pacific Code was virtually unknown, especially outside the health sector (Connell and Kerse 2009). Although parts of both ministries of health

were vaguely familiar with it, it was utterly unknown outside them, even in public service commissions. That remains true. To some extent, both within and outside the ministries, this is a function of the rapid turnover of staff (often because of the parallel migration of managers), which makes the transmission of all forms of institutional knowledge very difficult, but was also a function of both the code's relationship to more formal recruiting and a disinclination to seek to control migration.

If codes could be valuable for health workers – and the evidence is weak – what about other workers? The Commonwealth Secretariat once made provision for teachers, but no global (or regional) organisations seem to have taken up the cause of other – albeit less numerous – groups of skilled migrants. Health workers are not the only skilled workers whose loss to developing countries can cause problems. Might similar codes be required for meteorologists (many countries are desperately short of them and this is an age of climate change), engineers, geologists, even footballers and rugby players (for development is social too, and there are other kinds of losses – brawn and brains)?

Where the Global Code is backed up by bilateral government-to-government agreements (memoranda of understanding, MoUs), there is even more chance of success: the elusive 'win-win-win-win' scenario (for sending and receiving countries, and for migrant health workers and their families; with perhaps also a fifth winner: patients). That means 'managed migration' whereby a particular, specified group of workers moves in a regulated way, so there is some knowledge of where gaps may exist, migrants are less likely to be missed and workers acquire new skills and experience and must return home – and thus have even more reason to save for that (see section 6.10). New skills come back with, hopefully, migrants who are retrained and revitalised, and ready and willing to return. Small-scale bilateral agreements can fill particular vacancies, increase skills and encourage return.

6.8.2 Practical policy packages

Both to retain skilled workers and to encourage return migration, a set of policies is required related to the workplace and beyond. For almost half a century, policy formation directed towards the retention of necessary workers has stressed the need for an integrated package of policies that span economic and social issues, often to extend beyond the confines of the particular employment sector and operate in both source and destination countries.

Various possibilities exist for more effective production and retention of skilled workers, ranging from diverse financial incentives, strengthening work autonomy and improving the status of health workers, increasing recruitment capacity and ensuring effective financial support for public services. Non-financial incentives are crucial. Encouraging career development, providing opportunities for training, adapting working time and shift work, reducing violence in the workplace, open leadership, study leave, working in a team and support and feedback from supervisors, alongside issues beyond the working environment, such as adequate housing and transport, all potentially reduce migration. Trust, sensitive management and a degree of autonomy are crucial. Promotion opportunities are few, especially in small states such as Tonga,

which cannot simply create posts for the sake of promotions; hence, a transparent promotion structure is invaluable, to ensure that health workers are not doubly disadvantaged. Annual reviews of salaries, a clear career structure with opportunities for ongoing training, and delegation of responsibilities at least boost the morale of those for whom opportunities of promotion are poor.

Tonga developed a wide-ranging health policy package at the end of the 2000s and the Samoan education system is moving towards a similar kind of package; both are shifting away from flat career structures. There has rarely been a concerted approach to the implementation and monitoring of policy packages, which would multiply single-policy benefits. Such implementation demands financial resources and effective management, yet finance is scarce and planning and management skills may also have been lost through migration. Adequate finance is crucial for recruitment and training in the public sector. That is partly contingent on international agencies, aid donors and governments recognising that nations require a productive workforce, and on high schools producing suitable graduates. Because national economies depend on the productivity of the rural sector, at the (neglected) core of national development is effective decentralisation and infrastructural support for rural and regional development. An improved economic performance, a stable political situation and a peaceful working environment are absolutely crucial to developing and sustaining effective health and education systems, for example. That might be obvious, and is true both nationally and regionally, yet it can be difficult to achieve where stable, growing economies and committed, conscientious political systems are unusual.

Most skilled migrants cite wages, multiple workplace problems (often centred on uncertain career progression), inadequate support (in a personal and technical sense) and a simple lack of appreciation as sources of dissatisfaction. Both financial and non-financial incentives are important motivators for people to work effectively and remain in the public sector. Financial incentives, including wages and salaries, bonuses, pensions, insurance, allowances (for clothing or overtime), fellowships, loans and tuition reimbursement, are the most common approaches to improved recruitment and retention. Adequate and timely remuneration, and wage structures that offer opportunities for significant salary progression, are crucial.

Improving salaries is particularly difficult where budgets are small, and differentials within the public sector constrain increases. Marginally improving wages could never be enough to significantly reduce the demand for migration, given the substantial wage and salary differences between source and destination countries. It is impossible to pay international 'market' salaries (of skilled workers) without a financial crisis. In the health sector the ability to work in the usually better resourced and remunerated, private sector deters migration, although enabling such opportunities has been resisted where it is seen to divert doctors away from public responsibilities and areas of particular need. Tonga, where additional private practice is permitted for public sector doctors, has retained them more successfully than neighbouring Samoa, where this is not allowed. Larger numbers of doctors and nurses migrate but the more critical migration is of the relatively few allied health workers, and of those with such skills as anaesthesiology. (This could partly be overcome by awarding scholarships,

and prioritising postgraduate training, for applicants who express an interest in specialisms in which there is an identified national shortage.) Nonetheless, many countries have sought to raise salaries for skilled workers and have used particular strategies involving overtime and similar payments to achieve more effective recruitment, retention, geographical distribution and skill mixes. Better salaries are necessary but insufficient.

6.8.3 Local training

Locally trained skilled workers are more likely to stay (and may have more appropriate skills) than those trained overseas, so training programmes have increasingly been located within countries, and skills have been upgraded locally on in-service courses. Some countries have sought to adapt training programmes and curricula to local needs, because of the obvious relevance and because this potentially reduces the employability of graduates elsewhere. However, the appropriateness of distinct national curricula has declined, seeking to constrain mobility through a place-specific curriculum is less likely to be acceptable and several PICs are more anxious that skilled workers meet international standards and be employable overseas. On the other hand, the migration of doctors from Samoa slowed, beginning in the early 1990s, partly as a result of a decision to have all training of medical officers done in nearby Fiji, because of the perception that training there was more appropriate and cheaper than in metropolitan New Zealand.

Where deficits exist, some states have sought preferential recruitment of nurses and others especially from rural areas and outlying islands, since they are more likely to stay or return and work there (Buchan et al. 2011). This has sometimes proved difficult, since such potential recruits are often initially locationally disadvantaged by poorer education levels. However, whereas health workers, teachers and other skilled workers in rural and regional areas are, at least in part, motivated and sustained by their work, their partners and children are less likely to be. Attracting skilled workers to more remote areas may therefore depend at least as much on what is available to family members, especially for the education of children. Staffing levels of both doctors and nurses in rural areas of Samoa have fallen as a result of low recruitment and retention rates (Buchan et al. 2011). In both Tonga and Samoa, those who are most likely to work in regional areas are those who originally came from there (Connell 2009a), so it makes sense to train more such people. Vanuatu has gradually sought to train more men from remote and regional areas as nurses, since men are more likely to return than women (Buchan et al. 2011), and more men are now being recruited in Tonga. The extent to which similar issues and problems exist within the education sector is poorly documented.

6.8.4 Scaling up and task shifting

In some contexts it may be possible to train intermediate categories of workers, who are less likely to migrate. Throughout the Pacific, nurses, who are relatively poorly paid and of lower status, are usually more likely to migrate than doctors. Introducing or expanding the role of nurse practitioners, intermediate between nurses and doctors,

offers nurses new status, fresh challenges and better salaries. The lack of formally trained workers has reduced the ability to undertake extensive primary healthcare in both countries, although there is now some movement towards training of nurse practitioners and other community workers that may improve this situation. In the Pacific, their presence is particularly valuable in rural and remote areas, where they also reduce travel costs for patients; in Fiji at least, it was a requirement that they be based in rural areas. This has been successful and has constantly been extended. It is not evident that this practice is yet being taken up in Samoa or Tonga, despite tentative steps in that direction, as both countries began new programmes for the training of nurse practitioners in 2010.

Similarly, community health workers (CHWs) in rural areas and nursing auxiliaries in urban areas can support nurses. Indeed the lack of SHWs in most rural areas has meant bringing in CHWs (health assistants or nurse aides), with limited training, for work at the local level. It is also possible to raise the status, and increase the knowledge, of workers outside the formal sector, such as traditional birth attendants. In Samoa, the shortage of formally trained health workers in some rural areas has led to several gaps being filled by traditional healers and traditional birth attendants (Buchan et al. 2011). The impact of this has not been documented. How traditional and intermediate health workers may or may not be incorporated into contemporary care systems is highly variable, and sensitive to the concerns of other workers.

6.9 Migration policy

Some countries have specifically adopted policies to discourage emigration, although neither Tonga nor Samoa has. In any case it is almost certain that policies and practices developed in recipient destination countries are the most effective influences on migration.

6.9.1 Bonds

The single most important policy to have slowed migration, especially where smaller countries depend on overseas education and training, has been bonding. It is a rare direct approach, which has had considerable success in bringing people back to their home countries after training overseas. Both Tonga and Samoa, for example, bond nurses on a 'year for year' basis, according to the duration of training, issuing certificates only after completion. Overseas scholarship holders are similarly bonded and almost all return. However, migration at the end of the bond period is quite common, and well established, for example for Tongan nurses, so that limited years of service are quite normal. Bonding appears to have rarely worked for doctors, since it is poorly monitored, personal connections enable exclusion and its absence in many other areas of employment makes its moral authority weaker. More than half of all Tongan doctors practise overseas. Bonding is probably even less effective in skilled areas beyond health.

Bonding has been less valuable within countries, either geographically (to remote areas) or for retention within the public sector. Attempts to encourage or bond recent

graduates to work in rural and regional areas have had a long and frustrating history. Three problems reduce the value of bonding within countries: rural and regional bonding is for a short time period, and is neither continuous nor sustainable; people may buy their way out; and 'punishments' are too trivial to deter breaches. Neither Tonga nor Samoa has sought to do this.

Like training, bonding occurs at a significant time in the life cycle, coinciding for some with the start of family life and the possibility of establishing local family roots. Bonding implies a sense of duty, and emphasises costs, even though skilled workers have tended to leave at the end of bond periods (usually equivalent to the two or three years that have been spent overseas). Bonding has been invaluable, as much for the practice of return as in the inculcation of notions of duty and loyalty.

6.9.2 A 'Bhagwati tax'

Initial responses to perceptions of a brain drain in the 1970s led to attempts to encourage or force recipient countries to use some form of taxation to compensate source countries that had financed the education of migrants (Bhagwati 1976). Only rarely have some countries, such as Malawi, contemplated the direct taxation of overseas workers, a 'brain drain migration tax', known by some as a 'Bhagwati tax' after the author of the influential book. Multiple problems are attached to this and parallel those involving direct compensation from developed countries, but with a greater private reluctance to pay such taxes. Migrants will resent any 'brain drain migration tax' if their migration was out of some distrust for national development policies and practices; where they would have no control over the use of such a tax, compared with the use of remittances; if it resulted in double taxation (including in the destination country); or if their training was largely at their own expense and outside their 'home' country. Destination countries and institutions are unlikely to wish to implement such a form of taxation, which would be inherently difficult, given that workers are often mobile, especially in the private sector. Who would manage it is uncertain.

Even the most simple formulation raises obvious questions of whether there should be compensation from countries that benefit from migrant workers but do not actively recruit them, what is the situation of workers in private sector employment (as is common), how an appropriate sum might be calculated and who should pay whom. Recipient countries have no interest in putting in place compensatory mechanisms to countries supplying skilled labour, arguing that markets operate in this way (and migrants gain from it) and there is no means of knowing how long migrants will stay, despite strong ethical arguments in favour of restitution.

The possibility of financial compensation to source countries for losses of workers has thus proved impossible to implement, because of the impossibility of estimating costs, shifts of workers between the private and public sectors, uncertainty over the duration of employment, and migration of workers between countries (e.g. from New Zealand to Australia) and within countries (in federal systems). Previous considerations of this, more than a quarter of a century ago, were rejected as too idealistic and impractical. They probably remain so. Tonga and Samoa have shown no interest in this and are unlikely to do so.

6.9.3 Policies in recipient countries

With pressures on public sectors in both countries, and the limited room for manoeuvre that exists where national economies are weak, the onus for achieving a more equitable distribution of skilled workers (having more skilled workers, such as doctors, in Polynesia) has gradually shifted towards recipient countries, where demand and occasional recruitment occur. Without that demand, less migration would occur. Continued migration has thus led to more interest in national self-sufficiency, through ethical codes of practice on recruitment and compensation for countries experiencing losses, yet political and practical realities confront ethical arguments. However, not only has there been little interest in codes in Tonga and Samoa (see section 6.8.1) but there is a real possibility, given the widespread existence of de-skilling in migration, that, if rigorous codes existed, firstly, migration might simply continue but with the loss of skills and a resultant decline in remittance flows, and, secondly, fewer recruits might be drawn to those skilled occupations where international migration was no longer easy. Indeed, the evidence from Samoa, where significant migration to New Zealand takes place through the 1,100-person quota, is that skilled workers are as likely to apply as unskilled workers, and if successful are willing to take up unskilled jobs in New Zealand if they cannot obtain a skilled one.

While source countries, however imperfectly, have sought to put in place policies to stimulate recruitment and retention, recipient countries have been rather more reluctant to develop policies for greater self-reliance and reduced international recruitment and migration. Beyond a crucial shift towards greater self-reliance, and increased and better targeted aid delivery, there are relatively few policy choices in recipient countries, and little movement towards a multilateral framework for regulating migration at the international level.

Few recipient countries in the metropolitan rim have taken sustained, effective measures to increase local recruitment and reduce attrition of skilled workers, at a time of greater demand, either by increasing the number of training places or by improving wages and working conditions. Indeed, most are engaged in greater competition for scarce skilled workers. That is even more true in the Gulf and the USA (both significant destinations for health workers). Without expanded national training capacity in metropolitan Pacific rim countries, demand will continue to exceed supply, but in most recipient countries there are weak prospects of domestic supply increasing significantly, and national gaps between supply and demand have tended to widen rather than contract.

6.9.4 Temporary return migration and the diaspora

The growing extent of international migration in recent years, and especially skilled migration, has resulted in particular attention being given to the potential for utilising the skills of overseas migrants, even on a temporary basis, and encouraging short-term return migration. As greater numbers of migrants settle overseas, diasporas and remittances have assumed a new importance. Many source countries, such as Samoa and Tonga, despite migration being highly significant, have no strategies

or policies for benefiting from such migrants, although almost all the evidence on overseas workers and migrants suggests that they at the very least claim to be anxious to support their home countries. The substantial flow of remittances, albeit directed to households, backs this up.

Ironically, the greatest interest in harnessing the skills of the diaspora has come from rich-world countries such as the USA and Australia. For over a century, Italy has constructed a vision of an 'international' nation consisting of a transnational network of loyalty, support and shared culture. Most initiatives, such as enabling dual citizenship or stimulating remittance flows and appropriate return migration, must come from source countries. For many years, perceptions of return migration were negative: it was for failures, the nostalgic or the retired (those who had lost a sense of 'get up and go'). However, a broader, more accurate perspective now exists.

Interest in the development potential at home of those people who have left – the diaspora – is relatively new. Until quite recently, for governments at least, they were out of sight and out of mind, and their skills and experience had gone. That has changed, although utilising the development potential of the diaspora works best when migrants intend to return – hence the need for inclusive national development – and have something to gain. Engaging diasporas has become even more important in an age of aid fatigue and as a form of do-it-yourself (DIY) development, according to which migrant diasporas are said to know best, even though this is not necessarily so. Migrants are not necessarily interested in greater equity, but may be more concerned with some narrower local and personal sense of development. Nonetheless, in many parts of the world, distant migrants have played a positive role in development at home in one way or another.

In several Pacific island states, returnees have been discouraged by not being able to find a place in the labour market commensurate with their new skills (although these are relatively easy to assess in the health sector, for example), or being asked to start at the bottom again and await their turn. Not surprisingly, many resented this – they had, after all, often acquired new knowledge, experience and some wisdom – and consequently dropped out of the system to develop a business or simply retire. Again, this constitutes brain waste. New skills should be recognised and welcomed. However, most countries have little information on how to contact overseas migrants, despite the growth of homeland associations. A number of countries have even dissociated themselves from overseas migrants, on the grounds that they have 'voted with their feet' and abandoned their home countries (even if they send remittances), and that national policies should be directed towards benefiting those who remain. Resentment of return migration, where promotions and other 'privileges' may be hard won by those who stayed, is not uncommon.

The recognition of migration as being part of a household transnational corporation of kin provides a basis for mobilising overseas kin. In a more informal way than in some other parts of the world, such as Mexico and Senegal, many Tongans and Samoans overseas have local versions of 'homeland associations' (centred on occupations such as nursing or based around alumni or church ties) that already provide support at 'home', when called upon, when they can and especially in the

context of natural disasters. Migrant-organised groups themselves have usually proved the most effective in supporting migrants; likewise, the most effective supports for home countries can be the migrants. Tongans in Australia, for example, collectively support churches, schools, clinics, sports clubs and other collective ventures, while also primarily supporting their own extended households. Such DIY groups are necessarily oriented to 'home' and enable migrants to retain – perhaps re-emphasise – their home identities. That assistance is primarily through the transfer of remittances, but other forms of transfer are feasible.

For some years the United Nations has sponsored TOKTEN (Transfer of Knowledge Through Expatriate Nationals), which has sought to encourage the short-term migration of those with particular skills. The scheme, and variants of it, has had only limited success, some of which has been in the health sector. There is hope in Tonga that a variant of this might become workable. In 2012 the Ministry of Health, with WHO funding, embarked on the second stage of an ambitious project, which began in 2010 with the tracer study of Tongan nurses (see section 6.5) that revealed that as many as 100 trained nurses of Tongan ancestry are in New Zealand. The second stage intended to interview all accessible nurses covering the rationale behind their migration, their present employment, the skills and competencies they have acquired overseas and the likelihood of their returning on a long- or short-term basis. It is expected that relatively few will wish to return permanently but that many will be interested in returning on a short-term basis, which would enable some new application and transfer of skills, training and mentoring in a familiar cultural context. If the project is successful the ministry will seek to extend the model to doctors, dentists and perhaps others (lab and X-ray technicians being in particularly short supply), and there is also interest in Samoa in developing a similar project.

Alternative models exist. Of all such initiatives, the 3 × 1 Citizens Initiative in Mexico is much the best known, perhaps because migrants' efforts are matched by financial contributions from the national government, for the development of public projects (public works and community improvement), and because it has been in existence for more than a decade. Although widely considered to be 'best practice of migration management' (Latapi 2009), it seems to have spawned few other national parallels. Governments may be fearful of being seen to support migrants too strongly, perhaps because most projects – in Mexico anyway – are in communities which already have superior resources. But it holds out hope and promise – and a need for replication.

Senegalese hometown associations in France, like others from West African countries, also fund community projects. In Senegal, again like several other West African countries where structural adjustment programmes were implemented in the 1980s and 1990s, the state has withdrawn from all social sectors while privatising public enterprises, at a time when many medicines doubled in price. Healthcare became less accessible. Hometown associations have subsequently become involved in funding hospitals, schools and public infrastructure (a role analogous to that of many NGOs, such as Médecins Sans Frontières and the Red Cross, which have worked with these hometown associations). Senegalese hometown associations send medicines,

medical equipment (including ambulances, which have reduced mortality en route to Dakar), eye specialists, surgeons and other health professionals (including regular 'caravans' of professional volunteers) etc., while traditional medicines and healers travel in the opposite direction to Europe – not everything is biomedical. At the same time, mobile phones and internet access, funded by such associations, are opening up a new virtual realm of diagnosis and healing between continents. Such caravans and ambulances serve equity, by serving people who do not have kin in Europe who can send remittances to cover medical costs, but they are there only a short time. As one account concluded: 'Unfortunately the French health professionals participating in the caravans spent less than a month in Senegal, while their Senegalese counterparts come to Europe to stay for their whole professional life' (Kane 2010: 12). A state role is still much needed, but as migration becomes more important such DIY self-help associations are pointing one way forward.

Another such expatriate programme is the Ghana–Netherlands Healthcare Project, managed by the International Organization for Migration, whose objectives are to transfer knowledge, skills and experiences through short-term assignments and projects in Ghana. Over a two-year period, 20 Ghanaians, the majority of whom were doctors, returned briefly to Ghana. Numbers were few, the impact was limited, since many returnees were psychiatrists and needs were elsewhere, and costs were high, but their role as cultural interpreters was important (Long and Mensah 2007). Return migrants can thus play some role in healthcare.

Diverse overseas migrants from Pacific islands intermittently return 'home' in association with aid projects to provide short-term surgical assistance in specialised areas, and may also contribute to skill transfer (Connell 2009a). There are real prospects for extending this into longer-term transfers of personnel (as above). The beauty of return migration is that returnees have the same language and culture – particularly valuable in healthcare. In Samoa a renal unit has been established, and operated to a great extent by short-term Samoan returnees. Many Tongan health workers in New Zealand would be willing to return in certain circumstances and could contribute in terms of missing skills. They are enthusiastic about involvement, some would say from guilt, others out of *'ofa* (love) or, again, for pride and social insurance, but in the end it does not much matter why expatriates make a contribution. Success in the health realm may offer models for successes elsewhere.

6.10 Managed migration

Although the development of the RSE and PSWPS programmes represents an obvious movement to the more careful management of migration in the region, supported by both sending and destination countries (and marked in Samoa by 'zero tolerance' to individuals who do not adhere to policy and behavioural norms), it covers only unskilled migrants on temporary work schemes: classic guest workers. In recent years there has been greater movement towards other forms of more regulated migration, most of which are yet to appear in the Pacific region, so only their potential impact can be considered.

6.10.1 The General Agreement on Trade in Services and intra-regional migration

The emergence of regional trading blocs and agreements in different parts of the world, loosely modelled on the experiences of NAFTA (the North American Free Trade Agreement) and the EU, is likely to result in greater regional migration, as it has done in Europe, especially after the 2004 and 2007 enlargements of the EU, which increased migration from the relatively poor eastern European countries into western Europe. Professional qualifications have tended to become harmonised in these large regions, with, for example, NAFTA urging Canada, Mexico and the USA to establish mutually acceptable criteria for licensing and certification. Within the EU, workers can move freely between member states. These are precedents for further bilateral and regional agreements, based on structural differences, notably intra-regional wage differentials, between member states of particular regional groups.

More generally, international migration of skilled workers is linked to the General Agreement on Trade in Services (GATS), established in 1995 through the World Trade Organization (WTO) to liberalise international trade in services, including the movement of so-called 'natural persons' (under Mode 4 of GATS). It also covers other evolving trans-border linkages. GATS is a complex, multilateral agreement covering all WTO members, but few have been signatories to all its components, which are ultimately intended to broaden and increase trade in services. A key component of GATS relates to the harmonisation and mutual recognition of professional qualifications across borders, which, as in the EU, will increase migration opportunities, in a very gradual shift towards more global accreditation. GATS is restricted to temporary movements but in practice these are not easily distinguished from permanent ones. Through GATS, mobility moves further away from national regulation.

In other, quite different, regions there has been some progress towards GATS objectives. In 2007 the Association of Southeast Asian Nations (ASEAN) set out a mutual recognition agreement which formulated goals for regional co-operation through the exchange of services. It will therefore probably lead to the migration of more skilled workers from poorer to richer states, hitherto prevented by non-recognition of qualifications and by linguistic and cultural constraints. Such intra-Asian movement may later extend into movement within the wider Asia-Pacific Economic Cooperation (APEC) community. Similarly the establishment of the CARICOM Single Market and Economy at the end of 2008 may have led to greater mobility within the Caribbean region, and more migration of nurses from poorer to richer states, for example from Guyana, St Vincent and the Grenadines and Grenada to Barbados and The Bahamas. Though arguments have been made that this will be beneficial for the region as a whole, those states that are presently poorly served, notably Jamaica, Trinidad and Tobago, and Guyana, may be disadvantaged further, while 'the danger is that each country competes with the other with the risk of selling what they have at bargain basement prices' (Caribbean Commission on Health and Development 2006:77). The wider benefits are not evident. GATS objectives have yet to be implemented in the Pacific, as both Samoa and Tonga were yet to accede to the WTO at the time of writing (although Samoa acceded in December 2011), but

outcomes may be similar to those in the Caribbean. As codes seek greater controls over migration and GATS seeks to facilitate movement, two significant institutional shifts are competing with and challenging each other. GATS is more likely to prevail.

Regional trade agreements are currently being renegotiated between the 14 independent PICs (the members of the Pacific Forum) and Australia and New Zealand. The principal agreement that is being negotiated is the Pacific Agreement on Closer Economic Relations (PACER-Plus), an umbrella agreement providing a framework for the future development of trade co-operation. It moves the region towards free trade but is considered to go beyond trade in also constituting 'aid for trade'. It does not contain substantive trade liberalisation provisions; rather it envisages a step-by-step process of trade liberalisation. This starts with a free trade agreement in goods among PICs (the Pacific Island Countries Trade Agreement, PICTA), which is likely to be extended to services. PACER provides for programmes of assistance to the island country members with trade facilitation and capacity building. The PICs have indicated in Pacific Forum meetings that they would like migration to be part of the PACER-Plus negotiations but so far Australia has indicated that the focus should only be on trade. Indeed Australia has suggested that intra-Pacific mobility is more likely and more appropriate for small states, suggesting that Papua New Guinea will be potentially a key destination because of its demand for mine and liquid natural gas (LNG) workers, a suggestion quite rightly seen as a 'red herring' within the region (since that demand is for skilled workers). The final communiqué of the 41st Pacific Islands Forum in Vanuatu noted with respect to labour mobility that 'Leaders noted ongoing developments on labour mobility in the region as well as parallel developments on Temporary Movement of Natural Persons-related activities and the labour mobility objectives of Smaller Island States under the auspices of PACER Plus, PICTA, EPA and other trade negotiations' (Pacific Islands Forum 2010). In practice there was little movement towards any consideration of new or expanded forms of labour mobility. This lack of change further emphasises that changes to structures of unskilled labour migration are unlikely to be imminent. It is also argued that neither PICTA nor GATS (Mode 4) will lead to more migration from countries such as Samoa and Tonga in the foreseeable future, at least in part because there are already mechanisms for this to happen, and/or that any movements that do occur will be insignificant.

6.10.2 Managed skills: a neoliberal solution?

Our most important resource is our skills.

(Samoan government worker 2011; almost exactly the same words were recorded of a Samoan government worker over 35 years ago; Shankman 1976: xi)

Skilled workers are our best export. I'd rather people go overseas with some skills. At least they don't just sweep the floors.

(Tongan businessman and former politician)

The more legalistic developments involved in codes and under GATS are a response to, or have gone on in parallel with, greater interest in migration on the part of many source countries, in the Pacific and elsewhere. In this century, for example, a more

controversial response to health worker migration has become more widespread, based on 'the Philippines model': a deliberate strategy of producing significantly more health workers than are required locally on the basis that many will migrate (and others resign), and that migration can be beneficial, primarily through remittance flows. The 'Philippines model' centres on the assumptions that many SHWs will migrate anyway, most training is in the private sector, enough SHWs are available locally and remittances are greater than the cost of training, so there is a net national benefit from migration. Many countries have sponsored overseas migration, and provided training and orientation programmes, but primarily for unskilled and semi-skilled workers.

It has been argued that 'Pacific governments must invest in preparing their youth to earn skilled jobs in the global market place ... Otherwise, much like our primary commodities, Pacific island workers will be exported cheap and unprocessed' (Chand 2008a: 41). One example of the consequences of this is the AusAID-funded KANI (Kiribati–Australia Nursing Initiative), whereby i-Kiribati nurses are trained in Australia on the assumption that some will return but more will stay in Australia and provide remittances for Kiribati. Although Tonga and Samoa have no similar programmes, both participate in the APTC, set up through AusAID, which has one campus at the National University of Samoa. The APTC, which effectively began in 2007, describes itself as a 'a centre of training excellence set up to assist Pacific island students to gain Australian skills and qualifications in a variety of trade areas' (APTC n.d.). It covers a range of skills from painting and decorating (including a women-only programme) to carpentry, hospitality, automotive engineering etc. and serves most of the independent Pacific states. Although ostensibly the programme upgrades local skills, the receipt of 'an internationally recognised Australian qualification' (APTC n.d.) means that, while graduates will not necessarily be more easily able to migrate, if they are lucky in the ballot (in Samoa for example) they are more likely to be offered jobs in New Zealand and more likely to receive higher starting wages there (although it also means better jobs and higher wages at home). Information on what happens to graduates was unavailable, and its impact on skilled migration is unlikely to be felt immediately.

Both New Zealand and Australia absorb much larger numbers of skilled workers on a temporary basis. In the case of Australia's 457 visa programme, skilled workers are sponsored by an Australian employer, can enter the country for between one day and four years and may be accompanied by spouses and dependents. In mid-2011 there were seventy thousand 457 visa holders in Australia and almost as many spouses and dependents. This programme, therefore, is very different from that for temporary agricultural workers, firstly by requiring skills (such as medicine or accountancy), secondly by requiring that migrants are already reasonably well paid (a minimum income of A\$49,330 is needed), thirdly because visa holders can bring family and fourthly because the duration is much longer. There is no obvious way in which Samoa and Tonga can benefit from such skilled migration schemes without island workforces having very different skill sets since it cannot easily be extended to unskilled workers. They may already be losing substantial numbers of people with scarce skills. Schemes such as KANI, between Kiribati and Australia, enable some students to enter Australia and remain there after training; numbers are currently limited but that may change.

Several countries have trained workers for overseas employment, notably in the Marine Training Schools of Tuvalu and Kiribati, and their smaller equivalents in Samoa and Tonga (although the Tonga Maritime Polytechnic Institute has produced 80 students a year). There has been recurrent discussion of expanding and developing these models to include semi-skilled workers such as caregivers, and benefit from presumably larger remittance flows. Without exception, all independent Pacific island states, including Samoa and Tonga, have continued to be interested in, and have exerted some pressure on Australia and New Zealand for, more opportunities for their working-age populations to access temporary employment in the two countries. Primarily, that demand is simply for opportunities that will guarantee reasonable incomes and thus benefit households in rural areas of the home states. Samoa particularly has stressed the need for some enhancement of skills that might contribute to developing the labour force within Samoa, but that is more difficult to achieve. All this does, however, emphasise that there is widespread interest in the acquisition of both skills and opportunities for skilled migration, so that more permanent and, hopefully, more skilled migration (and hence superior wages as in KANI) is the preferred goal for many. Island states are all too well aware that many islanders take up and remain in unskilled employment for their whole overseas working lives (Bedford et al. 2010, Besnier 2011: 41). Pacific island governments have invariably preferred permanent migration opportunities for migrants and their families and the more long-term flow of remittances that ensues. Temporary guestworker schemes are something of a halfway house, but their limited gains have at least produced a win-win-win outcome at no real cost.

The rise of memoranda of understanding (thus far only for unskilled workers) and GATS, widespread interest in more managed migration, with its potentially superior remittance outcome, and the quest for education to 'international' and thus marketable standards indicate that growing numbers of countries are oriented to migration rather than seeking to stem the tide. Ghana's attempt to train more doctors, almost certainly to migrate, after the loss of many more prompted one comment: 'they have a leaky bucket now. In desperation they are building a bigger leaky bucket' (Mullan 2007: 441). Individuals and households may be more significant beneficiaries than nations from the expansion of such practices and policies. It will be important to evaluate contemporary developments in this area.

6.11 In a policy vacuum?

In both Samoa and Tonga, seemingly paradoxically, there has been both acceptance of the need to develop subtle and wide-ranging policy packages to encourage recruitment and retention, however difficult that is, and simultaneous interest in more managed migration. However, policies that might substantially change the nature and impact of migration are implausible where economic growth is slight, public policy formation has proved difficult and employment conditions are unlikely ever to be comparable with those in developed countries. Neither country has been able to benefit from developing strategies to benefit economically and socially from diaspora populations. Significant changes in policies and practices will follow shifts

in the main recipient countries. Underpinning any hope of long-lasting national development success is the need for global monetary and financial policies different from those that have contributed to the structural dependence of small states.

For half a century, migration has provided real gains, above all from remittances to almost every household in both nations. The flow of remittances has been more reliable than incomes from commodity exports, tourism, aid etc. In Samoa and Tonga, state regulation – insofar as it exists – is more concerned with encouraging than preventing migration, and neither country has been anxious to intervene in what appears to be benefiting the national economy. It is readily evident that the greater self-sufficiency that would follow any decline of migration and remittances would be difficult and painful. There may be inequalities, frustrations and unwelcome social change, but there is little doubt that migration has provided new and beneficial development opportunities and that socio-economic change would have proceeded in the same direction, but much more slowly, without it. Furthermore, in a world where public sector interventions are against the flow of contemporary history, the will to discourage or redirect migration is absent.

Nonetheless there are possible positive policy directions through which each country might benefit more from migration, or reduce the impact of unacceptable forms. And in both countries these have been grasped in this century, as in no previous era, to encourage particular migration streams (evident in the RSE scheme), to improve skills (both for national development and for increased revenue generation after migration) and to ensure that remittances are greater and are used more effectively. Even then, some part of the initiative for change came from outside – notably from the World Bank in both supporting the establishment of temporary employment schemes and reducing the cost of remittances.

Several programmes are, however, in place. Firstly, both countries have policies to upgrade skills (especially in health and education), develop new skills (such as financial literacy) and support new categories of skilled workers (such as nurse practitioners). Secondly, both countries have begun to think more widely about encouraging the return migration of some skilled workers (from basic bonding to the encouragement of the return of selected skilled workers on a temporary basis). Thirdly, both countries have developed more liberal telecommunications regimes (through privatisation) that have opened the way for a reduction in transaction costs, although they are yet to develop new and effective financial instruments. Fourthly, both governments have sought to identify employment opportunities overseas for local workers. Indeed it is significant that in Samoa the RSE scheme is based at the highest level, in the Prime Minister's Office, rather than in the Ministry of Labour (which is usual elsewhere). Such schemes have yet to embrace more skilled workers. There are still gaps. Neither country is without opportunities for improved policy directions, no problems are wholly intractable and most of the key elements of policy are well known. Yet even where labour shortages and their consequences are evident, as in the important education and health sectors, funding (and public sector funding generally) is rarely a national priority, as governments seek to reduce public expenditure and outsource functions. Indeed it is apparent

that a host of reasonable and useful policies have long existed and been accepted as appropriate but have never come close to being put into practice.

In recognition of their crucial contribution to national development, the present Tongan government has created a new department within the Prime Minister's Office with the sole purpose of catering for the needs of Tongans living abroad. Furthermore, in 2007 the Tongan parliament amended citizenship laws to allow Tongans to hold dual citizenship. The Department of Tongans Abroad sought to co-ordinate policy for the national overseas population. One initiative was the negotiation of the RSE and PSWPS arrangements. The department was, however, primarily intended to assist Tongans overseas concerning issues in Tonga, such as land registration, providing updates on legal and policy changes or assisting them when they visit Tonga, and for such things as quick passport renewals or assisting deportees to become re-integrated. In a sense, the objective was to include overseas Tongans more directly in the affairs of the country. According to the then prime minister, it was, however, a somewhat futile strategy, since 'relatives took care of all these things more effectively than a bureaucracy' (personal communication). After the change of government in 2010, the department effectively lapsed. That is disappointing, since, in both countries, overseas residents have expressed an interest in being involved in domestic politics to ensure that their interests are not ignored. The Department of Tongans Abroad was one practical response to that. For some time now, overseas Samoans have petitioned Samoan politicians to allow them to participate in Samoan politics by various means, either by casting ballots in Samoan elections or through the establishment of one or more overseas parliamentary seats (as the Cook Islands has). Migrants would then elect one or more members who would represent their interests in the Samoan parliament. Samoan politicians have argued in response that, if people choose to live overseas, they should not expect to have a vote in Samoa (especially since they pay no taxes in Samoa). It has been suggested that they may have to reconsider this position in the future, firstly, if the government faces labour shortages, since, as skilled and semi-skilled migrants migrate, the government of Samoa will need to attract Samoans living overseas to return; secondly, if a decline in remittances occurs because overseas Samoans distrust national development policy. However, neither situation seems likely to occur (as long as remittances are sent for broad household objectives) in either Samoa or Tonga. For the moment, in neither country are overseas residents able to play a direct role in the national political systems, but in both contexts they have influence on them and on national economies. Given the significance of remittances, that is appropriate.

6.12 Conclusion

I love my country. I have my taxi. My wife works for a bank. We have a house. That's enough. I love my country.

(Samoa taxi driver)

All of the above has suggested that emigration dominates social and economic life in both Tonga and Samoa. So it does in many ways and has done for half a century. Yet much of migration is oriented around support for those at home – the slowly growing

populations of both countries. As the above quotation indicates, many have stayed or (as in this case) have returned from overseas, and seek to remain and play a part in local and household development, perhaps assisted by the remittances of kin and by policies that seek to benefit more effectively from their own skills and incomes, and those of others who have migrated. People stay or return for many reasons: a job, starting a business, the climate, Christianity, kinship obligations, the absence of racism, peace, the security of land, a *matai* title of chief (in Samoa) and, for some, an easier life. A few have been deported.

Samoa and Tonga are likely to remain economically weak for the foreseeable future, become increasingly dependent on the wider world and require new forms of external support and intervention. International migration constitutes one increasingly more probable solution: an expanding and unsatisfied outward urge, a necessary bottom-up globalisation that will always be both uneven and somewhat unsatisfying. Demand for opportunities is unlikely to diminish and will continue to exceed the supply of opportunities. Two ongoing changes have increased the significance and impact of migration in very recent years. Firstly, the RSE scheme, despite its numerical limitations, has boosted household incomes, especially in some relatively poor areas, and encouraged investment in agriculture at a time when this is otherwise declining. Secondly, the value of remittances is being increased by new forms of transfer and should soon have an impact on GDP. Unsurprisingly, migration is still seen, almost ubiquitously, as valuable and inevitable.

Moreover, there is pressure from both governments (and several others in the region), but perhaps especially Samoa, for more opportunities for their working-age populations to access temporary work in Australia and New Zealand (and elsewhere where it is possible). Both governments are anxious to upgrade the skills of the national population so that better, more secure jobs are available overseas, which in turn will stimulate more remittances. There is widespread interest in the acquisition of skills and opportunities for skilled migration (even perhaps at some social and other costs) and more permanent and hopefully more skilled migration (and hence greater earnings) is the preferred goal – but, and this may be seeking to have it both ways, without losing contact with migrants and seeking in due course to gain some benefit from skills acquired overseas. Almost all national interventions in processes related to migration have been directed at facilitating migration and securing additional opportunities, rather than seeking to ameliorate perceived problems. Policies that seek to respond to or constrain migration are therefore rare. Only bonding is a long-established and tried and tested means of keeping (usually) new graduates in the country for a reasonable length of time after graduation. To a significant extent, even support for increasing the value of remittances through new means of transfer has resulted from external pressures (mainly from the World Bank) and shifts in the private sector, rather than government policy changes.

At a time when Pacific poverty and hardship are increasing, migration is part of a global trend whereby remittances replace aid, and national investment in rural and regional areas is reduced. But even the limited success of this new form of circular migration may be counterproductive in the longer term if it diverts attention from

alternative national and international policies and strategies that will ultimately assist the poor in rural areas, for example by contributing to food security.

Ironically in countries where migration is so important, data on migration from both Samoa and Tonga are remarkably sparse, since little or no use is made of arrival and departure cards (even though these are routinely collected) and neither country publishes much more than summary numerical data on this. In some ways this absence of data is not surprising, since migration is regarded as a free choice and not to be constrained in any way. Even documenting flows has sometimes been perceived in that light, since documenting the extent of skilled migration might demand some resolution of excess skill losses. This means it is impossible to estimate the extent to which migration is selective by age, skill or home region. That makes it impossible to examine the extent to which there has been a skill drain, and hence reduces the impetus to develop policies that might remedy skill losses. Few good labour force surveys exist. Likewise, for almost all public and private sectors and enterprises there are no data on resignations or attrition to indicate why skilled workers are being lost, or how such losses (or the lack of recruitment) affect stocks in particular areas. In a very small number of sectors, notably health and education, there are more adequate data to indicate where labour shortages exist. Estimates of labour shortages are otherwise dated or little more than anecdotal. Statistical offices are small, are not always well funded or supported with human resources, and have other priorities. Public service commissions are not always able to bring together the necessary information from other ministries that might enable an overall understanding of the relationship between migration, education, employment and training. This means that neither country has any effective migration management capacity, in terms of access to detailed and accurate migration data, let alone any understanding of relevant migration policies (whether directed at retention or return).

Along with the RSE scheme, the reduction of transaction costs represents the most important change in the past decade in the migration–remittances nexus. Changes to the cost, delivery and access of remittances will especially benefit migrants in rural areas far from banks, who can waste money and lose hours of productivity in travelling to the nearest place where they can receive remittances. Such changes will also boost GDPs by enabling greater productivity and by the additional direct transfer of a real increase in funds. Otherwise, governments have not sought to intervene in the ‘private business’ of remittance transfer, such as the development of new kinds of financial instrument, bank accounts, bonds etc., despite intermittent appeals to them to do so (Brown et al. 2005, Jayaraman et al. 2010). Pressures for change have come from outside, whether from institutions such as the World Bank or through transnational corporations such as Digicel.

The countries that have been most interested in developing ‘diaspora strategies’ aimed at working with overseas migrants to engage in local development have been more developed. Where skill losses are significant and needs are greater, such strategies have been rare. Samoan and Tonga, with their dependence on remittances, exemplify the latter context. Some form of ethical and managed migration seems to offer most to development, but that demands a public sector involvement that

is not necessarily easy or welcome, and may even be fading. Recipient and sending countries are not necessarily always able or anxious to protect migrants, although keen to use their skills and their capital. All countries need to create more human capital. There is no reason to assume that demand for migration opportunities is likely to dwindle in the near future. Demand for migration and remittances is likely to be sustained, alongside rising expectations, in conditions of limited national economic growth. The voices of those who once urged more self-reliant development strategies have long been stilled. This new diaspora, and new notions of transnational homes, have remarkably quickly come to characterise contemporary Pacific island states, and above all Samoa and Tonga. In this context the need to maximise the benefits from migration and remittances becomes ever more pressing. It should go without saying that countries that are politically stable, with functioning economies, and that provide some economic and social opportunities are the most attractive destinations for remittances, return migration or short-term technical assistance. Motivating these is perhaps particularly difficult in small states where perceptions of a development future are absent, and where migrants feel disenfranchised and powerless to intervene. Mutual trust is necessary at all levels.

Migrants make conscious decisions that benefit themselves, their families, the destination countries and the source countries, although multiple wins may be elusive, and not all can migrate. Among migrants the desire to 'give back' is widespread and can be harnessed, but not too much can be asked of them (through their hometown associations, their remittances or ultimately their return) unless public policies are there at every scale to support, encourage and channel individual efforts. To expect that moral responsibility be tied to place, and the place be the nation-state of origin, demands much of migrants.

As the demographic balance has gradually shifted overseas so that the bulk of the ethnic Samoan and Tongan populations live overseas – so migrants are more likely to have relatives overseas – the task of encouraging migrants to invest in or return to home countries has become more difficult. At the same time, a larger overseas population means the greater probability of acquiring skills that will be useful at home. That is particularly true of Tonga and Samoa. Yet the 'fractured nature of national belonging during migrancy' (Ho 2011: 6) means that it may become more difficult over time, as second generations come to dominate overseas populations; hence the need to engage with diasporas as much as possible. It is more difficult again where migrants have left in dismay and disagreement with the policies and practices of home governments, raising obvious uncertainties about commitment. Indeed, for many years, migration from Tonga was a response to economic and political discontent. Tonga's short-lived experiment with a special Department of Tongans Abroad shows how difficult working with and for overseas populations can be. Nonetheless, as the last paragraph in section 6.11 indicates, governments are influenced by overseas populations and must ensure some continued degree of commitment to the home country. A major task is to coalesce and cement notions of belonging to diaspora when that identification has faded. At least in Tonga and Samoa there is a strong sense of nationhood (rather than an association with particular regions or islands), and sport has been a key part of that. Retaining and reinforcing *faka Tonga* and *fa'a Samoa*

within migration reinforce relationships with what is still perceived as home, reduce the risks involved in migration and provide some comparative advantage in a global world (Gough 2006).

Social networking, mobile phones (and texting) and social media (such as the popular Facebook) have brought metropolitan states closer but, until now, in a manner that has tended to emphasise opportunities and lifestyles beyond Samoa and Tonga rather than by becoming mechanisms to achieve development at home. The uptake of mobile phones is as fast as anywhere in the world (and one of the principal purchases of RSE workers). Overseas Tongans, and no doubt in the same way Samoans, are extremely well connected electronically with each other and with kin in Tonga (Morton 1998, 1999, Nishitani 2011), which ensures that any 'digital divide' is being crossed easily. The development of financial literacy and telephone banking will enhance this transition, emphasise that Tonga and Samoa are transnational economies and societies, and probably attach new meanings to migration and remittances. Migration in the mobile phone, internet (and guest worker) age may well change in unpredictable ways.

Despite the growth of small populations of Pacific islander origin in a number of places beyond the Pacific rim, almost all international migration remains focused on the metropolitan rim. Within the Pacific, regional migration opportunities exist, but primarily for skilled workers; thus Suva (Fiji) has become more of a cosmopolitan urban centre, with the migration of other Pacific islanders into tertiary institutions, international agencies and to a lesser extent the private sector. Even the small-scale private sector, above all in Tonga, has become a significant arena for migrants from China – a second wave of commercial China towns – although that has provoked strong resentment. At the same time many skilled jobs continue to be filled by migrants from the Philippines. Moreover, where unskilled and semi-skilled jobs exist, as in the mining sector, they are taken up by local people (as in Papua New Guinea) or, as in New Caledonia, by Filipinos rather than migrants from other parts of the Pacific (despite a past history of migration from other French Pacific territories). Unless such trends change, and there is no reason to expect that to happen, migration opportunities will continue to be perceived as being in more familiar Pacific rim metropolitan destinations.

There are strategies to link migration, the diaspora and development, and achieve multiple wins, but the primary requirements are good will, good policies (and their implementation) and more good data on best practices and best outcomes. Most PICs have yet to consider taking steps to involve expatriates in national development, and none has any organisation oriented to that task, although either the ministries of labour or the public service commissions might be logical places to start. Data on areas of labour shortage, and especially the possible corresponding pools of expatriate workers, are usually absent. Building migrant management capacity should be a priority. The health sector should be regarded as particularly important, since there are obvious unfulfilled needs in a crucial area, and some short-term return policies have obvious potential. Given the massive and increasing significance of migration throughout the PICs, the value of remittances (in economic and social terms) and the skill deficits in small states, it is now urgent that migration be more effectively absorbed into development policy formation and implementation.

Note

- 1 Quotations in this chapter, unless otherwise stated, are taken from fieldwork interviews conducted with Tongans and Samoans during a short trip to both countries. The study was greatly assisted by a large number of people in and outside government offices and the private sector. No informants were from the National Reserve Bank of Tonga.

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