

## Overseas Remittances and Household Economy in the Pearl River Delta of Guangdong, China, 1986-2008

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**ABSTRACT** The Pearl River Delta of Guangdong province, China, a well-known region as the ancestral place of many Chinese transnationals, has witnessed dramatic socio-economic transformation in the last three decades. Historically it received enormous remittances from Chinese transnationals. Yet, few studies have been made on the influences of international remittances on the recipients' household economy in the last two decades. This paper, by analyzing data from a longitudinal survey of four waves conducted at five locations in the Pearl River Delta from 1986 to 2008, aims to fill in this literature gap. The findings show that overseas connections in and remittances to this region are characterized with intra-regional patterns, and increasing international remittances have had profound effects on the recipients' household income, economic strategy, and consumption capabilities in some parts of this region. The impact of overseas remittances on household economy is, indeed, a manifestation of the legacy of a "Chinese transnational mentality" in some emigrant communities – a deeply-rooted orientation combining elements of factors dealing with emigration, economic dependency on emigrants, and a social and cultural mix of Chinese and western factors.

### INTRODUCTION

During the last three decades the Pearl River Delta of Guangdong Province in south China has been greatly benefited from Beijing's policies of reform and openness to global economic forces, thus becoming one of the major trade and industrial powerhouses in China. Its economic success also owes much to the factors of its geographic adjacency to Hong Kong, Macao, Taiwan and Southeast Asia, and its extensive overseas connections with Chinese who originate from the delta region and reside outside of the mainland<sup>1</sup>. It is estimated that about seven million "Overseas Chinese", or "*huaqiao*"<sup>2</sup>, originated from the delta region (Guangdongsheng Difang Shizhi Biancuan Weiyuanhui 1996: 142). All the nine administrative units at prefecture-level in this region are recognized as well-known "*qiaoxiang*", or native places of "overseas Chinese".

From the very beginning of Chinese emigration, the predominating motivation for the outward population flow has been economic. The phenomenon of monetary transfers, or remittances, from Chinese migrants to the loved ones they left behind is one of the most important links between the place of origin and that of destination, and has had a substantial impact not only on the well-being of the remittance-receiving households, but also for the receiving communities and beyond. A number of studies have made

great efforts to address international remittances to China during the late Qing (1644-1911) (Morse 1904), the Republic period (Remer 1933; Chen 1940; Zheng 1940; Yao 1943; Xia 1992; Du 1999; Lin 1999; Yuan and Chen 2001), and the early of the Peoples' Republic of China (PRC) (Du 1999). These studies have shown that remittances from Chinese transnationals had been not only substantial in volume, but also flowed persistently to some well-established emigrant communities in Guangdong and Fujian provinces, the top two sending places of Chinese transnationals. For much time during the first three decades of the PRC, those who had connections with and received remittances from relatives abroad were subject to political repression because of China's hostile policies guarded by leftist ideology. International remittances to China had been nearly cut off for a short time during the Cultural Revolution (1966-1976). By the end of the 1970s, the overseas remittance flows to China gradually resumed as China reopened to the outside world<sup>3</sup>. A preliminary study (Yu 1979), pointed out that overseas remittances to Guangdong and Fujian provinces had marked influences on community economic structure, household consumption, and economic involvement in collective farming during the late 1970s. In the 1980s, two studies (Su 1988; Woon 1990) investigated international remittances in the western wing of the Pearl River Delta, and concluded that overseas financial support positively con-

tributed to the household income, but contributed little incentive for the remittance dependants to get involved in long-term lucrative agricultural and industrial activities. A common flaw of these contemporary studies is that their conclusions are based either on non-random samples in the quantitative analyses or on fragmentary observations, and provide little comparison with international remittances to other nations. Yet, few efforts have been made by scholars to explore the impact of international remittances on the receivers' household livelihood in China over the past two decades when China has been witnessing dramatic economic growth.

Unfortunately, no reliable statistics of international remittances to China during the recent decades have been released by the Chinese authorities. This is partially the result of the fact that such numbers are hard to record because such monetary transfers to and from China are carried out through diversified channels in this world that is becoming increasingly integrated in global economies<sup>4</sup>. The increase in travel and the ease with which people can use electronic forms of transfer have made the transfers hard to follow. The Pearl River Delta has become much better off than it was previously. It is also the case, to some extent, in other parts of China. This might have led to an assumption among some people, especially Chinese officials, that transnationals' relatives in China do not need overseas remittances any more, and thus such money flowing into China may be considered insignificant<sup>5</sup>. However, according to the estimates of the World Bank, international remittances to China have been steadily increasing in recent years and totaled US\$28 billion in 2008 (Ratha and Xu 2006: 57), and China was ranked the second largest recipient nation by remittance volume for that year<sup>6</sup>. Studies on remittances to Latin America and the Caribbean, Southeast Asia, South Asia, North Africa, and Eastern Europe have captured the attention of scholars, but China seems to be a forgotten venue in the literature.

With regard to the influences of international remittances, there is a continuing debate in the literature over whether inward remittances are beneficial or harmful for the receiving households and communities. The positive school sees remittances as effective resources to alleviate poverty, improve the living standard and stimulate the market economy of the receiving end (Stahl and Arnold 1986; Stark and Wang 2002; Acosta

et al. 2008; Rosser 2008). Whereas the negative side criticizes that international remittances have widened income inequality among households and made the source communities of migrants economically dependent, unstable, and consumption-oriented (Bohning 1975; Birks and Sinclair 1980; Swamy 1981; Chami et al. 2003). With respect to China's long emigration history, large inward remittance volumes, regional diversities, and increasing economic influences in the international community, can China's case justify this debate? As dramatic socioeconomic transformation, especially industrialization and urbanization, has been taking place in the Pearl River Delta since 1978, the dynamic of the influences of international remittances on local households and individuals largely remains unclear.

This paper, by taking advantage of a longitudinal questionnaire survey conducted at five locations in the Pearl River Delta of Guangdong province between 1986 and 2008, aims to fill in the literature lacunas mentioned above. Specifically, this study tries to quantify the impact of international remittances on household economy in four aspects: (1) Overseas connections and remittances; (2) Remittances and household income; (3) Remittances and household strategies; and (4) Remittances and household consumption. As a trend study, this paper explores long-term patterns of effects of remittances on household economies of the Pearl River Delta over the last two decades.

## DATA AND FIELD SITES

The data of this paper are drawn from a longitudinal questionnaire survey conducted by Graham Johnson and his research team at five village-level sites in the Pearl River Delta in 1986, 1994, 2000, and 2008 respectively<sup>7</sup>. Focusing on the socio-economic transformation of the rural Pearl River Delta over a time span of more than three decades, Johnson and his colleagues, with a whole set of follow-up data, especially the four waves of the survey, have illustrated the dynamic of development and transformation in the delta region from the Maoist commune period to the post-Deng era (Johnson and Johnson 1976; Johnson 1982, 1993; Johnson and Woon 1997; Johnson and Zhang 2009). Random samples of households were drawn in each survey wave, householders or their spouses were interviewed by trained Chinese university students. The sam-

ple number of each wave is listed in table 1. Qualitative methods were also used to collect supplementary information, such as documentation, in-depth or unstructured interviews of officials and key persons, and non-participant observations.

**Table 1. Sample number of survey wave at each field site**

<i>Field Site</i>	<i>1986</i>	<i>1994</i>	<i>2000</i>	<i>2008</i>
Jianglian	100	54	75	85
Yahu	100	51	75	85
Wentang	121	50	51	100
Nanshui	100	50	75	82
Xiangang	100	50	75	84
Total	521	255	351	436

The five purposively selected villages, which were all previously production brigades in the commune period, were Jianglian in Taishan, Yahu and Xiangang in Guangzhou, Nanshui in Shunde, and Wentang in Dongguan. These locations were chosen because they largely represented spatial variations of economic structure and transformation patterns in the later period in the delta region and had differing degrees of overseas connections. Taishan city, located in the southwestern corner of the delta, is a historical area of emigration to North America. Remittances and donations from emigrants have fundamentally shaped the developmental course of Taishan and its adjacent areas in the western wing of the delta region since the late 1800s (Johnson and Woon 1998; Zhang 2007). Economically, Taishan had been prosperous before 1949, but has largely lagged behind other parts of the delta in recent decades. Jianglian village of Duanfen Township, dominated by those who are surnamed 'Jiang', is located in the central part of Taishan. Influences from Chinese transnationals resumed intensively in this village during the reform era, yet the village today still remains in a pristine agricultural state without industrial development. The population of Jianglian has been steadily dwindling since the 1980s partially because of emigration. In 2008 there were 427 households with 1,846 residents in the village.

Yahu's development is a mix of agriculture, sidelines, industry and emigration. Located in the northern plain outskirts of Guangzhou city, it was a vegetable production base for Guangzhou. During the last twenty years a number of small-scale factories, especially shoe and textile factories, have gone up in the village, which provided

employment opportunities for local residents and labour migrants from other places. The new Guangzhou Airport, opened in 2004 and in close proximity to Yahu village, has partially transformed Yahu's economy to commerce and transportation. Yahu also has strong overseas connections. Its emigration history dates back to the First Opium War (1840-1842), during which a group of local people fought with British soldiers in the adjacent region and fled overseas because of the political persecution after the war. Most emigrants from Yahu reside in Latin America and the Caribbean, and a few can be found in Hong Kong, the U.S.A, and Canada. As a multi-surname village, Yahu had 681 households and 2,879 residents as of 2008.

Xiangang, a rural village in the hilly eastern suburb of Guangzhou, is now part of Guangzhou Science City (GSC), a locus concentrated with high-technology corporations and industrial plants. In the 1970s and 1980s Xiangang was famous for its fruit economy. Its oranges and lychees were sold throughout Guangzhou and Hong Kong. Xiangang's agricultural economy changed little until 2003 when most of its farm land was requisitioned by the Guangzhou Municipality for the expansion of the GSC. Villagers had to give up their land permanently to the GSC and lived on collective dividends from land-requisition fees. Two years later, Xiangang was administratively urbanized as a "Shequ", or Community. As a long-established settlement of two dominant surnames, Xiangang also has a few emigrants living in Hong Kong, but benefits little from them. In 2008 there were 825 households and 3,627 residents in Xiangang.

Shunde, in the central part of the delta, was historically famous for its delicate eco-agriculture, a combination of pond fish, sugar cane, and silk cocoon production in an array of marshes and waterways. In the reform era Shunde has emerged as a manufacturing giant producing domestic appliances and home hardware. Agriculture has withered away in Shunde except for a few places, one of which is Nanshui, a small fishing community in Leliu Street (formerly known as a Township). Nanshui village was a model of fish-pond production during the commune period. Fishing economy of high-value output under a lucrative bidding system is still the backbone of Nanshui's economy. Fish is transported daily from Nanshui to cities such as Guangzhou and Hong Kong. A number of

Nanshui villagers established large eel fisheries in other places where land is inexpensive. In sharp contrast to many villages in the region, which have been urbanized or industrialized, Nanshui chooses to remain aloof from rural industrialization, although it was changed to a *Shequ* (community) in 2003. Nanshui has a small number of émigrés in Hong Kong, but economically benefits little from them. At the end of 2008 there were 559 households and 2,340 residents in Nanshui.

Wentang *shequ* is located in the eastern segment of Dongcheng District in Dongguan Municipality. Dongguan, taking the geographic advantage along the Hong Kong-Shenzhen-Guangzhou economic corridor in the eastern wing of the Pearl River Delta, has become one of China's prominent export-oriented manufacturing centers. Wentang was a model of rice cultivation and sidelines in the "Learning from Dazhai" period. Like elsewhere in Dongguan, Wentang has experienced a gradual industrialization process since 1978 – agriculture has been giving way to the omnipresent industry and commerce, and the collective builds factory houses and commerce complexes and leases them to entrepreneurs, many of whom are from Hong Kong and Taiwan. Wentang is closely linked with Hong Kong and beyond by its "compatriots" (*tongbao*) who originated from the village, and the export-economy. In December 2008, its 13 square kilometers of area accommodated a population of 9,453 residents with local household registration status (*hukou*) of 2,187 households. In comparison, there were about 70,000 migrants living and working in Wentang.

### Overseas Connections and Remittances

The Pearl River Delta of Guangdong has been one of the most prominent regions sending Chinese abroad during the last 150 years. Residents in this region have varied connections with Chinese transnationals by either blood or marriage. The longitudinal survey in the five sites of this research over the last two decades reflects that such legacy has been remarkable — on an average, 40% of the households in the five sites have had one or more ties with Chinese transnationals over the survey period. Yet, intra-regional variety of overseas ties in the region also deserves equal attention. Jianglian of Taishan in the western wing delta registers the highest percentage

of transnational ties, ranging narrowly from 64% to 68% in the four surveys, followed by Yahu village in the outskirts of Guangzhou (ranging in the surveys between 48% and 57%). Wentang which averaged 36% and Nanshui which averaged 30% are ranked third and fourth accordingly. Xiangang in the eastern suburb of Guangzhou, with an average of 17%, has the fewest overseas connections.

From among the five locations, Jianglian deserves extra attention. It is located in the Siyi area, or Four Counties – Taishan, Kaiping, Xinhui, and Enping in the Jiangmen Prefecture. It is reported that about 60% of the total population in Siyi area had transnational links in the 1980s (Guangdong Provincial Bureau of Statistics 1987: 313). This is the reason why Taishan and Jiangmen with a larger area, are recognized as the most prominent *qiaoxiang* in China, not only because they have a long emigration history and large transnational population abroad, but also because they maintain far-reaching connections with these emigrants and their descendants.

For the households with transnational connections, keeping such ties means visits by and to their family members and relatives abroad, and/or communication with them by letters, phone calls, or even internet contact. For some households, such links are often signaled and strengthened by receiving remittances, the token of loyalty, filial piety, obligation, or sympathy of their family members and relatives abroad. In this longitudinal study, overseas remittances are continuing to send to the five sites, and the amounts differ vastly by location. In general about 27% of the households in the five sites accepted overseas remittances in 1986, and it decreased over the years to nearly 18% in 2008. Jianglian village has recorded the highest proportion of households receiving overseas remittances in all survey waves, ranging from 63% to 57%. Yahu village has the second highest percentage; yet, the number gradually reduced from 40% in 1986 to nearly 23% in 2008. Wentang ranked third place in 1986 with 21.5%, and its proportion of remittance households dramatically dropped to only 2% in 2008. The other two villages have remained at a low level of remittance household percentage (less than 10%). Thus, the trend of decreasing number of households receiving remittances over the last two decades mainly resulted from attrition of such figures in two loca-

tions – Yahu and Wentang, representing the central and the eastern delta respectively.

However, the diminishing numbers of remittance households do not necessarily mean that the remittance volume to the entire delta region concurrently decreased. On the contrary, the four waves of the survey illustrate that inward volume of transmigrant remittances to these locations have shown an upward trend from 142,240 *yuan* in 1986 to 987,540 *yuan* in 2008. In correlation to the total number of remittance households, Jianglian village has made the biggest contribution to the total volume (56% in 1986, 76% in 1994, 77% in 2000, and 62% in 2008), followed by Yahu village (19% in 1986 and 1994 respectively, 18% in 2000, and 36% in 2008). The subtotal remittance volume to the other three locations dropped from 25% of the total, or 35,791 *yuan*, in 1986 to only 2%, or 18,200 *yuan*, in 2008. Since 1994, the combination of remittances from Jianglian and Yahu reached 95% of the total volume. The findings suggest that international remittances to some well-established emigrant communities in the Pearl River Delta have been increasing over recent decades, whereas decreasing in other areas.

In consideration of the insufficient numbers of households receiving international remittances in Wentang, Nanshui and Xianggang and the fact that these remittances were small in volume, in the following parts this paper will focus only on Jianglian and Yahu villages in the analysis of remittance influences on household economy. The

local households will be divided into two groups that will be compared – remittance households and non-remittance households.

### Remittance and Household Income

Transnational remittances, as a source of additional non-income earnings, have significant effects on household income level and intra-household income disparity. Findings from the surveys show that remittances, on the one hand, help to improve the income situation of the receiving households, on the other, increase income inequality among the households. In Jianglian village (Fig. 1), the average income of remittance households is consistently higher than non-remittance ones in all surveys. The income gap between the haves and the have-nots has been widened over the years. This also means that remittance households are becoming wealthier and non-remittance households are getting relatively worse off. The patterns of statistics are also similar in Yahu village. At this point, remittances certainly help alleviate poverty. However, statistics also reveal that remittance households in both villages have a much larger interquartile range (IQR) than non-remittance one<sup>8</sup>, which means the income gap between the poor and rich among remittance households is becoming wider than that between the poor and rich among non-remittance households. In addition, it seems that, in the long run such income gaps of the two types of households have been expanding.

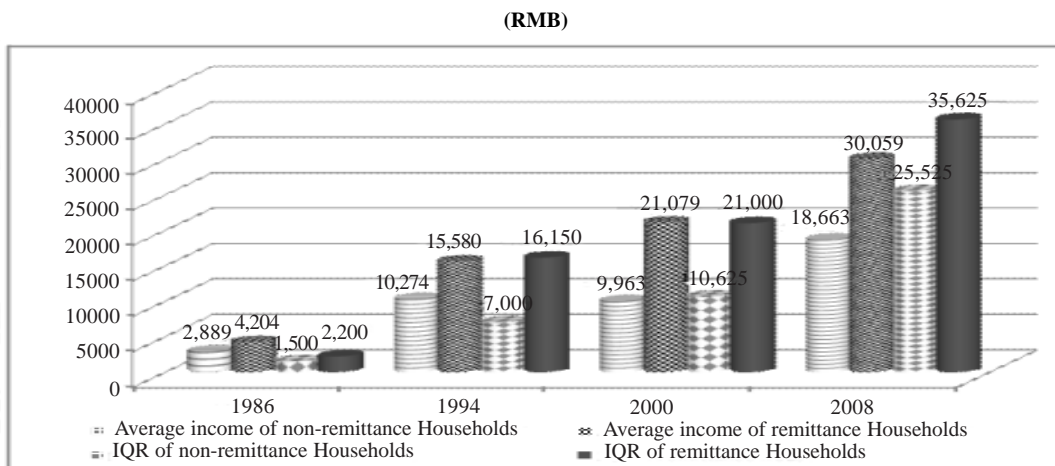


Fig. 1. Remittances and household income at Jianglian village

It is easy to understand that remittance households have higher income than non-remittance ones because they have extra financial support from their transnational family members or relatives. But the finding that remittance households have bigger income inequality than non-remittance ones deserves further attention. The story behind these numbers is that some remittance households receive a large amount of money from overseas, whereas some only receive meager remittances. The problem is, if the remittance dependant households – those that predominantly rely on remittances as their major income, cannot obtain enough remittances for their daily needs, they will become the most economically vulnerable ones in the community. For instance, in the 2000 survey of Jianglian 51% of remittance households expressed deep concern that they would face severe financial difficulties if their transnationals stopped sending them money.

### Remittances and Household Economic Strategies

Transnational remittances, as shown above, have significant effects on the household income situation. Remittance households may develop income strategies that contrast with non-remittance ones. Thus, this study attempts to ascertain whether or not receiving remittances has a strong correlation to household economic structure, or household strategies. In this study, top income sources for a household are selected as one of the crucial indicators of household strategy. Eight of these sources have been identified in the following (Table 2).

- 1) Agriculture: including farming, stock-raising, fishing, vegetable and fruit prod-

uction, family craft-making or other sidelines

- 2) Business: including any commercial, trade, industrial, and service activities for profit-making outside of the agricultural sector
- 3) Employment: any paid employment including permanent, temporary, and casual jobs for individuals, government, or agencies
- 4) Pension: regular payment made by government or collective to retired personnel
- 5) Collective dividends: cash or subsidies allocated by the village or *Shequ* to its members who have local household registration status (local *Hukou*);
- 6) Domestic relative support: financial help from relatives living within the mainland
- 7) Overseas remittance: financial help from family members or relatives living abroad
- 8) Other sources: any unmentioned income sources except category 1) to 7) above, such as government subsidies, investments, and lottery.

The biggest difference between household strategies of remittance households and non-remittance ones lies in the fact that overseas remittances are additional non-earning income for the receivers. Among the households receiving remittances in the four survey waves, about 24% to 32% of them depend on this non-earning source as their major income. These households are actually remittance-dependants, and they engage in less or none of the other economic activities to provide their supplementary earnings. Table 2 also shows that remittance households tend to have less percentage of business and employment involvement as household strategies than their non-remittance counterparts (ex-

**Table 2: Remittances and household strategies in Jianglian and Yahu**

Top income source	1986***		1994***		2000***		2008***	
	RH N (%)	NRH N (%)	RH N (%)	NRH N (%)	RH N (%)	NRH N (%)	RH N (%)	NRH N (%)
Agriculture	27 (26.2)	24 (25.5)	13 (27.7)	23 (41.8)	5 (7.5)	14 (17.3)	5 (8.2)	8 (8.3)
Business	9 (8.7)	19 (20.2)	7 (14.9)	19 (34.5)	9 (13.4)	23 (28.4)	7 (10.1)	12 (12.4)
Employment	41 (39.8)	47 (50.0)	12 (25.5)	10 (18.2)	20 (29.9)	41 (39.8)	32 (46.4)	53 (54.6)
Pension	0	2 (2.1)	0	1 (1.8)	0	0	0	1 (1.0)
Collective dividends	0	0	0	1 (1.8)	9 (13.4)	12 (14.8)	2 (2.9)	17 (17.5)
Domestic relative support	0	2 (2.1)	0	0	0	1 (1.2)	1 (1.4)	2 (2.1)
Overseas remittances	25 (24.3)	0	15 (31.9)	0	21 (31.3)	0	21 (30.4)	0
Other	1 (1.0)	0	0	1 (1.8)	3 (4.5)	3 (3.7)	1 (1.4)	4 (4.1)
Total	103 (100)	94 (100)	47 (100)	55 (100)	67 (100)	81 (100)	69 (100)	97 (100)

\*\*\* Phi and Cramer's V significance level at .000

RH: Remittance households NRH: Non-remittance households

cept in the case of employment in the 1994 survey). These figures could imply that remittances have not been efficiently used by the receiving households to create profit-making opportunities or to obtain employment-required qualifications that can bring long-term, self-reliant occupations.

Comparing the agricultural income as household strategy between remittance households and non-remittance ones in the longitudinal survey does not provide any consistent pattern. However, farmland displacement in Jianglian and Yahu villages reveals there is a significant difference between the two types of households. Under the household responsibility system, Chinese farmers are allowed to manage their contracted land according to their own will. Since the late 1990s, many indigenous farmers in the Pearl River Delta have contracted their farmland to others and charged a sublet fee. In Jianglian and Yahu villages, some local households subleased their land to farmer migrants from the western part of Guangdong or Guangxi provinces for an annual sublet fee of 500 to 800 *yuan* per *mu* of crop land. There are 16 cases of farmland sublet in Jianglian and Yahu villages in the 2000 survey, of which 12 (75%) are remittance households, and 4 (25%) are non-remittance ones. In the 2008 survey, land sublet cases of remittance households and their counter-parts count 19 (65.5%) and 10 (34.5%) respectively. The numbers of land displacement reveal that remittance households have a lower motivation to farm, and are prone to sublet their land to migrant farmers.

### Remittances and Household Consumption

International remittances enable the receiving households to live a more affluent life. They live in splendid houses (many are built with foreign stylistic elements), spend more money on leisure activities and special occasions, and invest in the education of their children (Chen 1940: 86-113; Vogel 1969: 21). Wives and mothers of Chinese transmigrants, who have lived in China, wear pricey clothes and jewellery (Hsu 2000: 44; Williams 2002: 75-76). The posh life of remittance-receiving households can be observed from their spending styles as seen in Jianglian and Yahu over the recent decades. Owning expensive electronic appliances and durable goods is selected as an important indicator of household consumptive capability and lifestyles in the four surveys.

In the 1980s, color TV was a luxury and con-

sidered a rare commodity among ordinary families. In the 1986 survey, 16 or 15.5% of remittance households own a color TV, in comparison to only one such case of non-remittance households. Remittance households also show higher rates of owning radios (85%) and rice cookers (58%) than non-remittance ones (69% and 38% respectively). In the 1990s, color TV was popularized in China, but remittance households still have a higher rate of owning it than non-remittance households, as shown in the 1994 survey. It is also found that, 24% of remittance households own VCRs and 22% of them own their own telephones. Only 15% and 13% of non-remittance households are found to do so. However, non-remittance households own more trucks and tractors (which are used for transportation business and farming) than remittance ones (30% vs 8.6%). In the 2000 survey, remittance households report higher rates of owning washing machines (87%), VCRs (71%), refrigerators (62%), phones (38%) and cellular phones (87%) than their "have-not" counterparts (75%, 57%, 53%, 26%, and 64% respectively). The 2008 survey shows that remittance households have a 10% higher rate of ownership of telephones, 17% higher of DVD players, 20% higher of sound systems, and 27% higher of cameras than in the corresponding households among the non-remittance households. These differing consumption styles in durable and electronic goods between the two groups delivers one clear message – that the remittance households in Jianglian and Yahu having higher rates of ownership of electronic appliances and durable goods, most of which are used to gather information from media and communication, and to enjoy entertainment.

### CONCLUSION

In the past, due to migration policies and geographic reason, many Chinese transnationals had to leave their relatives behind when they left China. They have been fulfilling their commitments, loyalties, and filial obligations to their families, lineages, and/or ancestral communities by sending money to them. These remittances have had a profound impact upon the receiving households in relation to income status, household strategy, and consumption style. The far-reaching effect of this monetary assistance has played an important part in the well-established emigrant communities of the Pearl River Delta

of Guangdong province not only during historical times, but also during the reform era.

The longitudinal survey that extended from 1986 to 2008 of this study shows that overseas connections in and remittances to the Pearl River Delta are characterized with intra-regional patterns. The western part of the delta, or the Siyi area, has a great amount of overseas connections and receives the biggest volume of international remittances. In a few communities in the central delta, such as Yahu in the environs of Guangzhou, overseas ties and remittances remain moderate. Yet, in other parts of the delta, the numbers of remittance households and the remittance volumes have withered to an insignificant level. Overall, the Pearl River Delta has witnessed a substantial increase of overseas remittance volume. Remittance, as a type of additional non-earning income, can improve the receiving households' income situation as the remittance households are, on the average, wealthier than non-remittance ones. However, this disparity also causes a widening of the income gap between the poor and rich. There are substantial differences of household economic strategies between remittance households and non-remittance ones. A considerable number of remittance households are remittance-dependants. They tend to rely less on business and employment as their major income sources than non-remittance households. Remittance households have a lower motivation to cultivate their farmland by themselves, and are inclined to sublet their land to migrant farmers from other regions. As remittance households are more affluent, having more funds to spend, they have a higher percentage of owning expensive electronic appliances and durable goods. Specifically, they spend more money purchasing appliances for media information, communication and entertainment.

This study has attempted to provide more information than found in previous literature about the impact of monetary transfers from Chinese transmigrants to their ancestral places in the Pearl River Delta of Guangdong; and has striven to show that overseas remittances have had profound influences on the household economy of the recipients. Firstly, transnational flows to this region have been large and have increased over the last two decades, even though economic development in this region, especially industrialization, commercialization and urbanization, has dramatically expanded over the last three de-

acades. Secondly, remittances, as additional non-earning income have had a positive effect by improving the economic circumstances of the receiving households and stimulating their consumption. However, there also proves to be a negative impact by widening the income gap between the poor and rich in the local communities, and seems to discourage business and employment pursuits. The findings of this particular remittance scenario in this area of China has implications that can be added to the debate of whether international remittances are helpful or harmful to the economic development of the receiving end. It seems that the gains and pains, or the dilemma, of international remittances are essentially embedded in such monetary flows. The impact of international remittances on the receiving end cannot be fully understood if only the positive or negative side is exclusively placed under the spotlight.

Then, one may ask, why have remittances been increasing in certain parts of the delta region and why have their effects played an important role in the socio-economic transformation in these places, whereas it is not the case in some other parts? The answer lies in the emigration history and the outward legacy associated with such history. The emigration history of both Jianglian and Yahu villages dates back 150 years. Over the course of this long period, local residents, mostly by chain migration channels, have continuously been moving abroad, and an emigrant community has been gradually formed beyond the boundaries of the nation-state. Goods, especially remittances and donations, ideas and identities have been firmly linked to their places of origin. These factors have formed a legacy of a "Chinese transnational mentality" (Woon 1990: 156; Johnson and Woon 1997: 745; Zhang 2007: 163) – a deeply-rooted faith of emigrating, keeping connections with emigrants, receiving financial support from them, partially relying on such support, and developing a social and cultural mix of both Chinese and western elements. This mentality is in fact the inertia trend of geographical determinism and social practice, which has greatly shaped and reshaped the social, economic, political, and cultural dynamics of some emigrant communities in the delta region, such as Jianglian and Yahu, during the past 150 years.

In the other three locations, Xiangang, Nanshui, and Wentang, the emigration history is short, the emigrant population is relatively small, and



the remittance volumes are low. Therefore, the “Chinese transnational mentality”, if there ever was one in those locations, is weak, and has been disappearing. Another noticeable phenomenon is that communities influenced by overseas remittances in the Pearl River Delta, like Jianglian and Yahu, are relatively economically disadvantaged when compared with the other three sites. This indicates that remittances and long-term economic development levels have a certain negative association, which results from a perplexing, relatively vicious cycle. In this cycle, the more emigrants the community sends out, the more remittances will be received in it. The more overseas remittances the community obtains, the more dependent it will become. And the more dependent it is, the more remittances it will need. Thus, it is difficult to build a causal explanation model among emigrant ties, overseas remittances, and the development of dependency. One fact is a certainty: that the “Chinese transnational mentality” has been formed, enforced, and embedded in the lives of both the transnationals and the recipients of the remittances - the circle is far from being broken.

### NOTES

- <sup>1</sup> These were also the main reasons that the Central Government of China established the Shenzhen and Zhuhai Special Economic Zones in the Pearl River Delta in 1980.
- <sup>2</sup> When referring to those whose ancestral origins stem from China but who reside outside of China, I am reluctant to use the term “*huaqiao*”, since the English translation of “*huaqiao*” is “Chinese guests temporarily living abroad”. This contains political implications as the “Chinese guests” are supposed to maintain their political obligation to China, and to return to China after a period of stay abroad. To avoid any bias, I prefer to adopt the idea of transnationalism (Schiller et al. 1992), and unless specified, label those who originate from China’s mainland and keep some sorts of ties with the mainland as “Chinese transmigrants”, or “Chinese transnationals”. For convenience in this paper, the so-called “*tongbao*” (compatriots) who were from the mainland and reside in Hong Kong, Macao and Taiwan, are also included in the category of Chinese transmigrants.
- <sup>3</sup> For more information of China’s policies towards Chinese transnationals and their remittances, please refer to the studies of Chong (1988) and Zheng (1996).
- <sup>4</sup> Diversified channels of remittance transfers to and from China could be categorized into two broad types: formal and informal channels. Formal channels include banks and other financial institutions, post offices, currency exchange bureaus, and other legal agents of money transfers. Informal ones mainly refer to money carried in by visitors or travelers, individual money lenders, and money laundering operators.
- <sup>5</sup> For example, when I explained my remittance research to a top-ranking official of the Guangdong Overseas Affairs Office during an interview with him in 2005, the

official responded with surprise: “Why do you want to do such a study? *Qiaohui* (overseas Chinese remittances) are insignificant now, and nobody cares about them.”

- <sup>6</sup> According to this report, India, China, and Mexico were the top three remittance recipients.
- <sup>7</sup> I was fortunate to participate in the last two surveys. I owe a great debt to Graham E. Johnson for generously allowing me to use the survey data. However, any errors that may appear in this paper are my own.
- <sup>8</sup> Interquartile range (IQR) is a measure of dispersion. It shows the gap between the first (lower) and the third (upper) quartile of the values. In short, the bigger the IQR is, the larger the disparity among the values.

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