MIGRANT REMITTANCES IN THAILAND: ECONOMIC NECESSITY OR SOCIAL NORM?

Keiko Osaki,† United Nations

The remittances of internal migrants contribute in various ways to the well-being of their households of origin. This study examines the significance of selected socio-economic and demographic factors associated with remittance behaviour in Thailand as characterized by the propensity to remit and amount remitted. The extent to which remittances affect the living standard of households left behind is also appraised. The analyses suggest that in Thailand sending remittances is a practice rooted in altruism which enables out-migrants to retain personal contact with their households of origin for an extended time. Thus, it is widely exercised regardless of the economic needs of the household. At the same time, out-migration is an effective means for low-income households to quickly overcome shortages of income. The sustenance of poor households might have been difficult without remittances. From a macro-perspective, remittances contribute to the equalization of the income distribution among households having out-migrants.

Keywords: migration, migrants, remittances, household, income, Thailand, social norms, poverty, culture

Migration often generates flows of resources from migrants to their households of origin. The importance of such migrant remittances can hardly be ignored in many developing economies. Migrant remittances can be a valuable source of income for households of origin and a means of risk diversification. Remittances can significantly increase household savings, facilitate the purchase of goods and alter the local income distribution.

The Theory of New Economics of Migration postulates that sending remittances is an implicit contractual arrangement between migrants and the households left behind. In the absence of a well-functioning market, poor households attempt to minimize threats to their economic well-being by diversifying the allocation of household resources, including family labour (Stark 1982; Stark and Bloom 1985; Stark and Lucas 1988). Based on the conceptual framework set forth in the theory, the present study aims to deepen understanding of the ways internal migrants’ remittances contribute to the well-being of the households of origin in the context of developing economies.

The approach for this objective is twofold. First, the paper examines the determinants of out-migrants’ remittance behaviour in Thailand. It explores selected

† Address for correspondence: Population Division, United Nations, New York, New York 10017, USA. Email: osaki@un.org.
factors that affect the likelihood of out-migrants remitting to their household of origin and the magnitude of the remittances. Second, focusing on households that have out-migrants, the study appraises the extent to which remittances affect their living standards. If migration were a survival strategy for poor households, as the theory posits, out-migrants’ remittance behaviour would be determined not only by their individual characteristics, but also by the characteristics of their household of origin. Furthermore, remittances may constitute a significant portion of income for those households that receive them. To date, the empirical verification of these postulations has been seriously limited, primarily by the lack of appropriate data.

**Internal migration in Thailand**

Thailand is one of the developing countries that have achieved stunning economic success over the last few decades. Systematic planning for Thailand’s economic and social development began in the early 1960s, with the introduction of the first national development plan, 1961–1964 (Tonguthai 1993). The country’s strong economic growth in the 1960s was based largely on the expansion of agricultural exports (Phongpaichit 1993); since the 1970s, the Thai Government has actively promoted the service sector, especially tourism. These efforts were largely successful, and tourism became the major source of foreign exchange (Phongpaichit 1993). More recently, the economy has been reoriented towards manufacturing exports, stimulating unprecedented economic growth (Chalamwong 1998). Hence, by the early 1990s, Thailand had achieved an economic status following that of the Four Dragons in Asia: Hong Kong, the Republic of Korea, Singapore and Taiwan.

It is well documented that the expansion of the economy was accompanied by growing geographical mobility of people (Soonthorndhada 1987; Phongpaichit 1993; Nakanishi 1994; Pejaranonda, Sanitipaporn and Guest 1995; Watanabe 1997). Prior to the 1970s, relatively short-distance, rural-to-rural migration was the most dominant type of internal migration, as employment opportunities had been primarily available in the agricultural sector (United Nations 1982; Watanabe 1997). While rural-to-rural migration remains the main form of movement, in recent decades there have been increasing flows of people to urban destinations. In rural areas, the chance of acquiring additional farmland has declined, and there are few other sources of monetary income. At the same time, the urban labour market has grown in Bangkok, the capital of Thailand, and in its adjacent peripheral areas of Central region, where new industrial facilities are concentrated (Goldstein 1989; Watanabe 1997). Attractive job opportunities outside agriculture, coupled with widening rural–urban differentials in income, have prompted rural dwellers to start moving to urban centres in search of gainful employment.

Women have been active participants in the increased scale of population mobility. It is especially significant that autonomous mobility toward urban areas has risen among young single women (Soonthorndhada 1987; Phongpaichit 1993), as demands for additional labour have increased in a wide range of jobs in the manufacturing and service sectors. Female workers were preferred to male workers in these sectors because women could be employed at lower cost, they were more docile, and they were also considered suited to the repetitive tasks that are often required in factory jobs. Furthermore, a growing number of Thai women have completed primary education and have migrated to urban destinations for higher lev-