

Challenging remittances as the new development mantra: perspectives from low-paid migrant workers in London

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Introduction

Besides migrants themselves, migrant remittances are perhaps the most tangible transnational flow that link the Global South to the Global North with financial remittances being the focus of considerable scholarly attention. This research has included micro-level ethnographic studies which map out the nature, flows and impacts of remittances on households and communities in sending countries (Bracking 2003; Cliggett, 2005; de Haas, 2006; Osella and Osella 2000), as well as largely quantitative macro-level analysis of how remittances fit into the migration-development nexus (Levitt and Nyberg-Sørensen, 2004; Nyberg-Sørensen *et al*, 2002a, 2002b). Of particular importance has been the increased interest, particularly in neo-liberal circles, in viewing remittances as an alternative mechanism for funding development in the Global South leading to the so-called ‘remittance euphoria’ or the perception of remittances as ‘the new development mantra’ (de Haas, 2005, Kapur, 2003).

The context within which migrants make a living, while also supporting their families and economies in home countries through remittances, tends to be interpreted through several competing discourses. From the perspective of development in the Global South, the debate focuses on whether migration and remittances contribute to development in source countries. While some view remittances as a manifestation of global inequality with negative impacts on migrants’ home countries, others perceive them as a major source of financial aid to developing countries and remittances as a panacea for development problems. Alternatively, from the perspective of the destination countries, the debate focuses on migrants as a source of skills and labour that can boost economic activity in the Global North effectively providing economic aid, or on migrants as competing for jobs and services with the native-born with strict managed migration policies required to curb flows (de Haas, 2005). On balance, the recent trend from both perspectives has been to focus on the positive dimensions of remittances and in a bizarre conjuncture of divergent discourses, migrants are celebrated as active economic agents boosting growth in both the Global North and South (Brown, 2006).

Yet overall, there has been little discussion of how migration, and the remittances it generates, can serve to absolve the powerful of their responsibilities without actually addressing the structural inequalities that often lead to migration in the first place. In the case of development policy, it can be argued that advocating the generation and sending of remittances relieves pressure on governments in the Global North to provide more official development assistance to the Global South. In turn, their counterparts in the Global South are able to evade structural reform at home.

In the case of migration policy, employing migrant workers, often in poor working conditions, has been interpreted as fostering wider global development goals. As such, rather than facing up to the exploitation of migrants, employers and governments can congratulate themselves on helping those who otherwise would be earning much less in their home countries. Indeed, development and immigration policies, especially in migrant receiving countries, are rarely conceptualised and implemented as interrelated and complementary (Brown, 2006; de Haas, 2005, Robinson, 2004). Yet, we would argue that it is important to link these disparate discourses, particularly when migration policies are generally becoming increasingly instrumental and market-driven (see below). If migrants cannot gain legal access to the labour markets of the North, then the entire issue of the developmental potential of remittances is obsolete and migrants will be forced to enter and work under ever more exploitative conditions. Perhaps even more critically, little attention has been given at the micro-level to how migrants actually generate remittances in the first place and the widespread exploitation as well as self-sacrifice they endure in order to meet the demands of remittances sending.

The main conceptual aim of this paper is to challenge the notion that remittances can be a panacea for development funding in the Global South. In turn, we do this from a Northern perspective by drawing upon empirical data from a questionnaire survey and semi-structured with migrant workers employed in low-paid sectors of the London economy. We focus specifically on the nature of remittance sending among low-paid migrant workers in London; the labour market conditions under which these remittances are produced as well as the personal sacrifices that migrants have to make in order to remit. We begin by outlining the main conceptual debates within which this paper is based before moving on to present the main empirical findings of this research.

Migration, development and remittances: perspectives from the Global South

The context within which remittances are invariably discussed and assessed relates to the wider relationship between migration and development. Generally regarded as reciprocal, migration and development are cyclically related such that migration often arises due to a lack of development but also influences development which stimulates further migration as peoples' expectations are raised (DfID, 2006a; Nyberg-Sørensen *et al.*, 2002a). Not only does it involve a range of actors and institutions at multiple levels ranging from individuals to households and communities, and encompassing the remittances and investments made by migrants, diasporas and transnational communities (Levitt and Nyberg-Sørensen, 2004), but the causes and consequences of migration have been widely contested. While obviously, development must be conceptualised as more than

basic poverty reduction in material terms and migration as more than the transfer of resources across the globe, the main debates have concentrated specifically on the developmental potential and especially poverty-reduction dimensions of remittances.¹

The nature and extent of remittances globally

The burgeoning research on remittances has focused primarily on flows of money (or ‘migradollars’). Yet is also important to acknowledge the importance of other types of flows which may be social, technological, political and philanthropic in nature and which also affect income and poverty levels in the Global South (Bracking, 2003, Levitt, 2001; Robinson, 2004). This has been especially important within research on transnational migration, with several commentators arguing for greater cognizance of these non-economic remittances to the overall well-being of migrants and non-migrants (Guarnizo, 2002; Levitt, 2001; Levitt and Nyberg-Sørensen, 2004). None the less, the primary focus, at least within the debates on development impacts, has been on financial remittances because of their visibility and the ease with which they can be measured (Robinson, 2004). This focus has been further strengthened by the recent interest in financial remittances by the International Finance Institutions (IFIs), such as the World Bank, International Monetary Fund and the Inter-American Development Bank who are starting to view them as the ‘new development finance’ (Adams and Page, 2005; Wimaladharma *et al.*, 2004).

In part, this attention has been precipitated by a recognition that the Millennium Development Goals and their concomitant targets are unlikely to be met through traditional Official Development Assistance (ODA) unless countries increase their commitments to the UN recommended development spending of 0.7 percent of GDP, which is unlikely to occur. Thus, alternative sources of financing have been sought and potentially found in financial remittances (Brown, 2006). This has been further bolstered by the realization that such remittances have been dramatically increasing in volume. A recent World Bank (2006) study reports that officially recorded remittances to the developing world in 2005 were US\$167 billion, a dramatic increase from US\$31.2 billion in 1990.² As such, remittances are the second largest capital flow behind Foreign Direct Investment (FDI) and ahead of ODA (which it overtook in 1995). Indeed, the true volume of remittances is possibly 50 or even 100 percent higher than official data indicates (Brown, 2006; Nyberg- Sørensen *et al.*, 2002a; Orozco, 2006) due to the widespread use of informal channels to remit in the form of informal remittance transfer schemes (IRTS), the use of private courier services and other gifts disguised as gifts and bill payments. Evolving over a considerable period of time, IRTS are particularly apparent in countries where there are stringent controls on foreign exchange,

political instability and low levels of financial development. They also reflect the use of high levels of social capital and trust, and are typified by low transaction costs as well as quick delivery to often remote rural households in recipient countries (Kapur, 2003).³

It is not just the volume of remittances which is significant but also the fact that they arguably represent the fastest growing form of financial transfer to the Global South (DfID, 2006a) given declining ODA, FDI and economic growth rates experienced in many developing world countries (Robinson, 2004).⁴ Furthermore, other characteristics of remittances make them additionally attractive especially in the eyes of the IFIs. In particular, compared to other private capital flows, their stable and counter-cyclical nature means that during economic crises in the sending country, remittances may actually increase (Brown, 2006; Orozco, 2004; Ratha, 2003).⁵

In terms of the global geographical pattern of financial remittances, the largest remittance source country is the USA, with India (receiving US\$ 21.7 billion in 2004) being the top recipient country followed by China and Mexico (Brown, 2006: 59; Ratha, 2003). While most flows are from the Global North to South, it is also important to acknowledge flows within the South and North (World Bank, 2006) which reflect the increasingly transnational nature of much migration with populations of given countries living across the globe and communicating among themselves as they become 'transnationally engaged' (Guarnizo, 2002). From Britain alone, remittances were estimated to be £1.5 billion in 2005 and are sent to more than 50 developing countries. The average amount sent was £870 a year, with Nigeria, India, Pakistan, Jamaica and Ghana receiving the greatest amounts (*The Guardian*, 2006). Regionally, Latin America and the Caribbean receive the lion share of remittances followed by South Asia (especially India), East Asia (especially the Philippines), the Pacific and lastly sub-Saharan Africa (Bracking, 2003).⁶ In some smaller countries however, the contribution of remittances as a proportion of GDP or foreign exchange earnings is especially significant (Bracking, 2003). For example, remittances comprise 24.8 percent of GDP in Haiti and 17.4 percent in Jamaica (Brown, 2006: 59). As such, Ratha (2003) makes the important observation that geography matters in relation to remittances.

The developmental impact of remittances

As noted above, the main debate in relation to remittances relates to the developmental impact in terms of poverty reduction in the migrant source countries. This has been the subject of much micro-level analysis in specific countries especially at individual, household and community levels, and more recently, at a global level, as well as some significant theoretical discussion. While it is

beyond the scope of this paper to thoroughly explore the effects of remittances in source countries, it is none the less important to briefly outline the main areas of research.

Over time, discussions about the impact of remittances on poverty reduction have evolved from largely negative to more positive views. The former are encapsulated by the historical-structuralist perspective and influenced by dependency theory and argue that migration and remittances create dependent relationships between migrants and non-migrants and sending and receiving countries. Remittances also contribute to macro-economic instability in countries with low GDP while migration erodes the human capital of countries in the South, making it harder to foster development. In contrast, more positive pronouncements on the impact of remittances on poverty reduction which have their roots in 1950s and 1960s ideas about migration as a major engine of development through the diffusion of ideas, technology, skills and so on, have been more recently advanced by the New Economics of Labour Migration (NELM) approach in the 1980s and 1990s (Bracking, 2003; Carling, 2004; Stark and Bloom, 1985; Robinson, 2004; Taylor, 1999). This thesis, based on a neo-liberalist functionalist perspective, links decisions to migrate with the impact of migration in that movement is linked to household survival and the quest to raise income and/or obtain capital for investment so as ensure against both income and production risks (de Haas, 2006). In turn, remittances, or the potential for remittances, loosens the constraints facing poor households (Taylor, 1999). As such, remittances are seen as being beneficial at a range of scales from the household to the national level as they increase disposable incomes while also stimulating demand for local goods and services (Ratha, 2003; Skeldon, 2002). Furthermore, they can also lead to the production of local capital markets as well as productive infrastructure (Ballard, 2003).

Even more recently, the transnational migration school has sought to bring these divergent perspectives together, building upon the notion of transnational communities (Levitt, 2001) and viewing remittances as one component of the economic and non-economic flows which link sending and receiving countries. Although this perspective is critical of the structures within which migrants remit and is cognizant of how remittances reinforce and create social inequality and differentiation, it also recognizes that they have beneficial impacts and can contribute in varying ways to the reduction of poverty and vulnerability (Ballard, 2003; Carling, 2004).

Empirically, at the household and community levels where the effects of remittances are most clearly felt, the debates have tended to focus on whether remittances are used for productive activities (invested in capital generating activities) or unproductive activities (in the consumption of

goods and services) (de Haas, 2005). The negative view has tended to focus on how remittances are used for unproductive activities and spent on welfare, education, housing and consumption goods which in turn have little effect on poverty (Ballard, 2003). However, this perspective has been increasingly challenged. First, although remittances are overwhelmingly spent on immediate living expenses, as well as consumption goods and services, many recipients also spend them on productive goods in terms of small business development, the purchase of land (Carling, 2004; de Haas, 2006). Second, it is now acknowledged that the distinction between productive and unproductive use of remittances has limited value in that improvements in education, health and other dimensions of welfare can have important effects on poverty alleviation and developmental outcomes in the longer term (Carling, 2004; de Haas, 2005; Sørensen, 2004; Van Hear and Sørensen, 2003).

At the same time, it is also acknowledged that the effects of remittances at the household level are highly variable and context-specific such that the potentially positive effects of migration and remittances are tempered by a host of different issues that can undermine the successful effects (de Haas, 2006). One is that the long-term benefits of remittances are dependant on the amount of remittances received (Bracking, 2003). Also significant is that remittances may affect the balance of power both within households (between spouses and siblings with important impacts on gender and inter-generational relations), and between households within communities (Ballard, 2003). In both cases, non-migrants may be particularly adversely affected suffering economic, social and cultural exclusion if they do not have access to remittance income (Levitt and Nyberg-Sørensen, 2004). Having said this, such exclusion may be temporary as non-migrants are able, over a period of time, to access migrant networks for internal and international migration (Carling, 2004; DfID, 2006a).

At the national level, governments in migrant source countries are generally convinced of the importance of promoting international migration and encouraging the sending of remittances. Despite some complaints in the past about the potential 'brain drain' of international migration, the notion of 'brain gain' is now more commonly adhered to where the benefits of migration in terms of reverse flows of innovation, ideas, remittances and investment outweigh the costs (de Haas, 2005). In addition, recent national level studies have reiterated the importance of migration and remittances for poverty reduction. Adams and Page (2005) present evidence from a World Bank study of 71 developing countries where remittances were found to reduce the level of poverty and the depth of poverty. Thus, a 10 percent increase in remittances from each migrant would lead to a 3.5 percent decline in the share of people living in poverty as well as reducing income inequality.

This said, half of all remittances flowing to the Global South go to lower middle income countries while the other half flow equally to upper middle income and low income countries (see earlier), such that the poorest countries are not receiving the most remittances (*ibid*; Bracking, 2003).

Despite this, most states promote migration and remittance sending because they provide important foreign exchange reserves, enlarge the tax base of a country (through fees attached to the issue of passports, departure taxes, international telephones), as well as draw a proportion of remittances into formal banking systems and financial circuits (Ballard, 2003). Thus, not only do states generally encourage international migration in the first place through work placement agencies (as in the Philippines), but they actively encourage migrants to remit back home and attempt to direct their remittances for productive use through the establishment of migrant businesses and/or home town associations (Levitt, 2001, Robinson, 2004, Wimaladharmasiri et al. 2004).⁷ Some governments have established fund-matched programmes; for example, the Mexican government has implemented 2 for 1 and 3 for 1 programmes to match funds for every dollar that is raised by home town associations (de Haas, 2005). Governments in sending countries have also sought to encourage political participation from abroad through expatriate votes (Levitt, 2001; Levitt and Nyberg-Sørensen, 2004; Robinson, 2004).

At a global level, and as noted earlier, the importance of migration and remittances for world poverty reduction and economic growth is now recognized by the IFIs and bilateral organisations as an important aspect of development financing (DfID, 2006a; Ratha, 2003). Remittances are being hailed as one of the best ways to distribute money around the world in that they flow directly to households and communities, bypassing provincial and national governments and going directly to those that need them. Such no-strings attached finance is also then non-debt inducing and avoids corruption (Ballard 2003; Brown, 2006; Wimaladharmasiri et al., 2004). Thus, many multilateral and bilateral organisations are now focusing their attention on how to facilitate the flow of remittances more easily, such as trying to reduce the transaction costs of sending money and to encourage people to use formal channels of transfer (DfID, 2006a).

The costs of promoting remittances as the new development mantra

However, this promotion of international migration and remittances as the ‘new development mantra’ is not without costs and drawbacks. Indeed, we suggest here that these costs have been unduly neglected to date and again these can be examined at a range of different scales.

Globally, it has been argued that the promotion of a regulatory framework for remittance sending will transform remittances into semi-public goods to be channeled towards ‘productive’ investments, rather than remaining a private matter for households (Robinson, 2004). In such a context, remittances will no longer contribute to the reduction of household poverty being used instead, as a tool of the state. In part, this drive to regulate the flows of remittances is based upon particular fears that they may represent a ‘loose cannon’ in the international financial system whose volume is so great that it could easily be shifted from development to non-development activities which in turn could undermine the stability of the global financial, economic and political systems (Robinson, 2004: 5).

At the national level, questions are also being asked about whose interests are best served by remittance sending. For a start, migrants appear to be better served by the state than non-migrants giving the former a disproportionate influence over development concerns and priorities (Levitt and Nyberg-Sørensen, 2004). In contrast, non-migrant sending areas may receive more investment than migrant sending areas as the latter are seen as less in need of such help even though there may be pockets of very disadvantaged people living there. Overall, the structural constraints which initiate migration in the first place may go unchecked (Ballard, 2003; de Haas, 2005). Moreover, there are also concerns that national states are under less pressure to enact structural reform at home. Dependency on migration can lead to a situation whereby people are more valued as migrants than citizens with governments doing more to smooth the transition from citizenship to migrancy than facilitating migrants’ return home (Levitt, 2001).

However, it is for migrants themselves where the costs are perhaps the highest *and* the most neglected in terms of research attention. Generally, there is little appreciation of the negative effects of migration and remitting on migrants themselves and on their families (Levitt and Nyberg-Sørensen, 2004). While migrants and/or migrants’ families may experience social and economic mobility in their home countries, this obviously varies tremendously between so-called ‘successful’ and ‘unsuccessful’ migrants and migrations (Osella and Osella, 2000). On the one hand, sacrifices are often made by non-migrant family members who stay behind (Cliggett, 2005), while on the other, sending remittances can place a heavy burden on those generating them (Levitt and Nyberg-Sørensen, 2004). Yet, we still know very little about these processes, especially among migrants in host countries. In order to better understand this, it is important to also understand the migratory regimes prevalent in the countries to which they migrate.

Managed migration in the UK: perspectives from the Global North

Development and migration policies have often been at odds with each other (Nyberg-Sorensen *et al.*, 2002a, Robinson, 2004, Walton-Roberts 2004) (see earlier). Thus, while receiving countries may seek to control migration by encouraging return migration, sending countries may not welcome this as it would potentially stem the flow of remittances. As such, migration policy in general has not been developed with a view to the situation and the needs of those in the Global South and instead is determined by the priorities of those in the Global North. Furthermore, while heightened fears about a growing ‘international migration crisis’ as well as concerns about security and terrorism are leading to greater efforts to co-ordinate development, migration, foreign and asylum policies, there is a sense that these initiatives are driven by security rather than development concerns (Nyberg-Sorensen *et al.*, 2002a).

Having said this, there has been a major shift in recent years in the way in which European governments view migration. Rather than using the state to limit immigration as much as possible via restricting in-migration to family reunification, meeting their obligations to EU-nationals and to asylum-seekers, a number of governments have come to see migration as contributing to economic growth. In the UK, this has been exemplified by the development of policies of managed migration since the late 1990s (Favell and Hansen, 2002; Flynn, 2005; Morris, 2002; Somerville, 2006). Since 1997, the New Labour Government has passed the Immigration and Asylum Act (1999), the Nationality, Immigration and Asylum Act (2002), the Asylum and Immigration (Treatment of claimants) Act (2004) and at the time of writing, the Immigration, Asylum and Nationality Bill is in the process of being made law. In each case, the argument has been made that migrants bring economic benefits to the UK by filling gaps in the labour market and importing valuable skills, while at the same time, ensuring the tighter enforcement of the asylum system and much improved border control (Lewis and Neal, 2005).

It is important to recognize that enthusiasm for managed migration schemes is far more in line with ‘national’ interests than any concern for the Global South or wider developmental effects of migration. These schemes rely upon a complex system of management whereby different migrant categories are granted varying entitlements and rights according to the original purpose of entry and stay. Moreover, any acceptance of the need for certain categories of migrant has gone alongside a populist-led hostility towards those deemed ‘undeserving’, of whom irregular migrants and those seeking asylum have been particularly vilified. As such, migration policy in countries like the UK is being increasingly stratified. While there is improved access to labour markets and rights for the

highly skilled, the state is tightening up its controls over the access and rights afforded to the less-skilled. Not surprisingly, those with the greatest potential to enhance economic growth – those with the most important certifiable skills – are more welcome than those who are classified as unskilled (Sales, 2005).

While there are those in the Global South who have the skills and qualifications necessary to gain access to the UK labour market as highly skilled workers, such as the doctors, IT specialists, fund managers and academics who can secure a work permit and from there, rights to residence in the long term, there is no such provision for the less skilled who move simply to better themselves and their families. Indeed, in countries like the UK, the only ways in which ‘un-skilled’ workers from the poorer countries of the Global South are able to access the labour market is as citizens of other EU countries, as registered students (who are able to work a maximum of 20 hours a week), as irregular workers who have overstayed their entry visa, or if and when they have been granted asylum and leave to remain within the UK. The only managed migration schemes for the less skilled are the Seasonal Agricultural Workers Scheme (SAWS, see Rogaly, 2006), and the Sector-Based Schemes for the food processing and previously, the hospitality industries.⁸

In turn, these schemes allow access to limited numbers of workers for specific periods of time, without the right to switch from one employer to another after coming to the UK. As Don Flynn (2005, 477) suggests in his analysis of managed migration: “The common denominator across the range of these different procedures is that employers would call the shots in determining the shape of the labour market that made more effective use of migrant workers.” As such, if employers in particular sectors of the economy find they are short of labour, they can make a case to government for a short term, sector based scheme. Significantly, these schemes have also mainly attracted workers from wider Europe, and in particular the A8 countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia) which were granted full access to the labour market in the UK on 1st May 2004. Since then, employers in the sectors noted above have been able to tap this new source of labour to meet at least some of their needs. The Home Office estimates that some 477 000 workers from the A8 countries had registered on the Worker Registration Scheme between 1st of May 2004 and 30th June 2006 (Home Office, 2006). Of these, 14% reside in London with many more living and working in low-paying and ‘low-skilled’ sectors elsewhere in the UK (see Anderson et al, 2006: Stenning *et al.*, 2006). In turn, the availability of A8 workers allows both employers and the government to crack down on the irregular migrants upon whom they used to depend, gradually replacing non-white workers, many of them from the Global South, with

European white workers from the A8. While these workers are proving popular with employers (Dench *et al.* 2006), they are also arguably more acceptable to the public at large. As Favell and Hansen (2002, 589) put it: “the more ‘white’ or more ‘Westernised’ migrants from Eastern Europe might prove more palatable to a hostile public.”

Critically, the importation of workers from the A8 signifies the extent to which the UK is now looking to Europe, and not the Commonwealth and wider Global South, for its labour needs which has major implications for the latter. While officials in DfID might recognise the impact this will have on the South, acknowledging the importance of migration and remittances to development as well as the need to monitor the effect of the British immigration policy, including the points based system (see below), on development, it is unlikely that they will succeed in challenging the Home Office approach (see DfID, 2006b). Thus while remittances are potentially a valuable source of development finance for the Global South, it is increasingly difficult for migrants from this part of the world to secure legal access to the labour market in countries like the UK. As noted above, it is only those workers with recognised skills, or those who have the familial income to allow them to register on an educational course to study in the UK, who can gain entry to the labour market in the UK. In both cases, these workers are likely to be from the privileged elites of the Global South and represent families who are least in need of remittance returns. As such, poorer migrants may have to increasingly use the asylum and/or overstaying route to gain entry and work within the UK.

Indeed, the restrictions faced by migrants from the Global South are set to increase under the proposed Points Based System that the government announced as part of the Immigration, Asylum and Nationality Bill in March 2006. Based on the premise that it will simplify the current complexity by channeling would-be immigrants into one of five tiers of entry (Flynn, 2006; Quinault, 2006), this system only provides routes to settlement to the first two tiers consisting of highly skilled and skilled workers with a job offer respectively with no rights of residence for the bottom three tiers of workers filling temporary low skill shortages (the sector based schemes), students and asylum-seekers (Quinault, 2006). The system also proposes that the institutions which most gain from immigration (such as employers and educational institutions) play a greater role in managing the system itself. Furthermore, employers who offer a job to non-EU nationals, for example, will have to pay a bond to ensure their employment and educational institutions will likewise have to account for those students who are coming to study with them (*ibid.*). Closing down the prospect of permanent residence for all but a select few migrants means that the social

mobility and stability of many migrants is restricted which also has implications in terms of their ability to remit. The cost of migration may also increase as agents or middlemen become involved in assessing the ability of migrants to secure points or in covering the cost of employer-side bonds. In addition, the proposed law will abolish the right to appeal making it more likely that irregular migrants are deported before they have any right to redress.

As such, we would argue that managed migration policies and the points based system raise questions about the extent to which migration provides a stable source of development finance, via remittances, for the long term. In particular, the ability of migrants who come from less privileged backgrounds, and upon whom whole families are likely to be dependent, will find it much more difficult to secure entry, employment and residence in countries like the UK even while their ability to secure their own, and their families, futures depends largely on their labour market success and integration in their host countries. In the following sections, we draw upon original research data to highlight the problematic position of migrants from the Global South who are already employed in London's labour market. Before this, however, a brief note on the methodological framework adopted in this research.

Methodological framework

This paper draws on a mixed method methodological framework comprising a questionnaire survey and in-depth interviews conducted with workers in five low paid sectors of the London economy, namely contracted cleaning staff working on the London Underground, general office cleaning; hospitality workers, particularly focused on luxury hotels; and home care employment. In addition, a number of workers in the food processing and construction industry were included.

Our broad aim was to explore who was working, and under what conditions, at the bottom end of the London labour market. The questionnaire survey investigated the pay, working conditions, household circumstances and migration histories of workers (see Evans *et al.*, 2005).⁹ Respondents were accessed through existing contacts with trade union representatives, through snowballing and also via a random cold-calling process. In total, 396 low paid workers were interviewed of which 362 were migrants, and it is the latter data set which this paper draws on. In-depth interviews followed on from the questionnaire survey and have been conducted by the authors. In the main, access to respondents has been facilitated by following up on people who participated in the questionnaire survey and expressed an interest in being interviewed, while other workers have been

accessed via snowballing. These interviews have gathered information on migration histories, settlement experiences in the UK, attitudes and feelings towards employment, household circumstances and coping strategies, together with issues surrounding community identity and linkages with home countries. This is work in progress and here we concentrate specifically on 56 interviews with male and female migrants in all of the above sectors.¹⁰

The majority of questionnaire and all the in-depth interviews were conducted face-to-face in a range of languages including English, Polish, Portuguese and Spanish. The migrants came from 56 different countries with significant numbers from sub-Saharan Africa (52%) (especially Ghana and Nigeria), Latin America and the Caribbean (18%) (especially Brazil, Colombia and Jamaica), Eastern Europe (9%) (especially Poland), and Asia and South East Asia (6%). They included a range of documented and undocumented migrants. The focus here is primarily on those migrants from the developing world. However, we will also refer to cases of European migrant workers where relevant, and especially on those from Eastern Europe who now form an important proportion of migrants in the London labour market.

Remittance sending among low-paid migrant workers in London

An overview of remittance sending

Sending money home was a major aspect of life for the migrants included in our research. Drawing on the questionnaire survey, the vast majority of migrants sent money home (71 percent), with 40 percent having dependants outside the UK. In terms of who was most likely to remit, men did so slightly more than women, with those aged between 45 and 55 being the most frequent remitters (81 percent) and those aged over 55 sending the least (60%). Migrants from African and especially sub-Saharan African countries were most likely to send money home (80 percent), followed by Latin Americans (67%), with those from Eastern Europe nations being the least likely to remit (49 percent), challenging the notion that most remittances flow to middle-income countries (see earlier). Also slightly different from other commonly reported patterns is that those who had lived longest in London (who arrived between 1991 and 2000) actually remitted more than those who arrived between 2001 and 2006 (77 and 73 percent respectively). As for which types of workers were more likely to send money according to the sector within which they worked, cleaners on the Underground sent the most (89 percent) (where over three-quarters were Africans mainly from Ghana and Nigeria), followed by general cleaners (70 percent), with those working in food manufacturing sending the least (50 percent) (comprising mainly South Asians).

Drawing on the qualitative interviews, on average, migrants remitted between 20 and 30 percent of their income. While in some cases, this was as low as 4 percent in the case of Ajua, a care worker from Ghana who sent money to her mother, it rose to 65 percent in the case of Eduardo, a Brazilian construction worker, who maintained his two young daughters and ex-wife back in Brazil. Similarly, Joao, another Brazilian construction worker, sent a large proportion of his earnings to his mother and to his own savings account in Brazil; he earned between £750 and £1000 per month and sent between £300 and £600 back home, depending on how much he had earned that month. Generally speaking, migrants tended to send about £100 per month on average depending on their circumstances and the reasons for sending money back. Most sent regular remittances, but there were also those who occasionally sent money for one-off expenses and to wider extended family members. Ajua, for example, noted: “I’ve got aunties and cousins, that maybe once in a blue moon, every Christmas I send them 20 pounds each, that’s money for them. My mum sometimes she be like ‘oh I went to hospital and it cost money’ then I’ll send her 50 pounds, 100 pounds but constant 30 pounds every month.”

Motives for sending remittances: altruism and self-interest

In terms of understanding why migrants remit, it is useful to use Brown’s (2006: 62-3) distinction between ‘altruistic’ and ‘non-altruistic’/self-interested motives for sending, not least as this partly addresses the problems of making a distinction between productive and unproductive use of remittances (see above). The former comprises money sent to family members usually to supplement low incomes or to improve the welfare of the recipient in some way, while the latter involves sending money to finance a business, purchase land or construct a house, usually for the migrant themselves, although there are obvious beneficial effects on the wider family. In reality of course, people send money for both sets of reasons depending on their own and their family’s circumstances at the time, their position in the life course, the nature of their obligations back home, and how much they earn in London. However, this distinction is still a useful heuristic device in understanding the uses and motives for sending remittances.

Generally, migrant workers attributed their remittance-sending to altruistic reasons, mainly comprising providing assistance for the daily subsistence requirements of various family members. Depending on their specific family circumstances, this money was most commonly destined for parents and parents-in-law, and/or for children and partners or ex-partners in cases where people had immediate family members living in their home countries (see below). Remittances enabled households living on low incomes in home countries to pay for rent, food, basic utility bills and

sometimes medical bills. In some cases, remittances are literally a lifeline for some families in the home countries. Daisy, for example, a tube cleaner from Zimbabwe, sent £100 every month divided between her mother and father-in-law and her sister and brother. She said that they depended on this because of the difficult situation in Zimbabwe especially in rural areas where they lived. She noted: “Every month it’s a must, we have to send them, especially my mother in law and my father in law. We have to send them. We have to send them money ... Because they are not working, they are living in the rural area”.

Another very important use of remittances was the payment of school fees, as well as expenses associated with schools such as payment of uniforms, books and other materials, for various family members. Paulo, a Brazilian construction worker, not only paid maintenance for his two children, but also paid for his ex-wife to study a nursing course. Akelo, a security guard who had left his wife and daughter behind in Ghana, sent regular monthly remittances to help pay for his own child’s school fees but also for those of his brother’s two children (see also below). Arguably, while paying for educational expenses is mainly altruistic, it is also a form of risk-spreading in that it can help to ensure that children or other close relatives will get better jobs and may ultimately be able to reciprocate the help they receive later in life.

In general, migrants with immediate family members to provide for were likely to remit the highest amounts, and the most regularly, for altruistic purposes. This was most marked in the cases of transnational mothers and transnational fathers referring to those parents who had left their children in the care of other people while they worked abroad (see for example, Hondagneu-Sotelo and Avila, 1992). Mothers usually left their children with grandparents, as in the case of Patricia, a care worker from Jamaica, who had left her 12 year-old daughter behind in the care of her father and a domestic helper. She regularly remitted money back home, sometimes twice a month, with the amount remitted varying between £50 and £100 depending on her daughter’s needs. Patricia rationalised the decision to leave her daughter because she was felt she could provide a better private education for her in Jamaica through her remittance income than in the state system in the UK. Judith, a cleaner at a supermarket and who was also studying, had a 7 year-old son living with her mother in Ghana. She sent £300 every month for his upkeep.

Transnational fatherhood was also common with the children of transnational fathers usually living with their partner or ex-partner often because the fathers had split from the mothers who retained custody of the children. However, some men still sent maintenance payments for their children,

and often for their ex-partners as well. For example, Jose, a construction worker had three children in Brazil who lived with his two ex-wives: “I send £660 for two of them. To the other I provide a ‘basic basket’, so to speak. Every month my mum goes out shopping, which she then takes to him. Clothing, shoes and school expenses, I pay for it all. I give £660 to the other two because I want to. It isn't because the ex-wife would take me to court. She wouldn't ever do that because she is a very nice person. I do it because this is my duty”. In another case, Kwame, a tube cleaner from Ghana sent £150 every month to support his wife and two children aged 6 and 10 which was used for their everyday expenses: “they use to buy their food and school fees and my wife taxis to take them to school and I find that I have to pay some bills because I have half there, electricity bill, we buy, Energy Life we are buying here, we have to buy it, water bill, we pay water bill as well”. His family depended on the remittances almost entirely and regardless of his work situation, he had to send this money. It was also not uncommon for men to be both a resident *and* transnational father in that some supported children in London and in their home country. For example, Ekon, who was a tube cleaner supported his wife and two children in London as well as two children from a previous relationship in Nigeria where he paid for their university courses.

While certainly immediate family members received the lion's share of remittances, the support of extended family members was also very common, especially among those from sub-Saharan Africa, and especially to pay for education expenses. In a more extreme example, Sonia, a care worker from Nigeria, was from a large polygamous family whose father had four wives, and seven brothers and sisters. While her father lived in the UK with one of he step-mothers, she obviously had a very large family in Nigeria. Sonia sent money to her mother, cousins and nieces, usually when they asked for it, and especially when the latter had pressing school expenses. On average, she sent £100 per month.

The destination of remittances in terms of recipients can sometimes be a point of disagreement or conflict within families. For example, Barbara, a care worker from St Lucia sent money to her mother but was advised by her sisters not to send money to her father because: “I send something for my mum, my mum, yes. But my dad, my sisters, say don't send a penny to him. Because when I send to him, he gives it away ... To his other nieces--, his other nieces are much well off than us, he shouldn't be doing that at all. My dad is okay, he's getting his pension and of course he has his land so, you know, he looks after the land and he earns income from the land so there's no need for any money to go to him.” Eduardo, a Brazilian construction worker who sent such a high proportion of his income to his children and ex-wife reported that he was worried that she was not

spending it all on his daughters. He was so worried that he wanted his own mother to start looking after them.

Despite some conflict, in general, migrants reported that they felt satisfied at being altruistic and at being able to send money home. While there were lots of variations, this also reflected the primary motive for many people to migrate, especially for those from the poorer African countries (see the case of Daisy from Zimbabwe cited above). Ajua noted: “Oh yes, I do, that’s what I do, that’s what I’m saying, if I was back home the money that I would earn and everything, it wouldn’t be enough to help her out but coming here and getting this money, I’m able to give her money every month, every month and it’s not a struggle to help”. In a similar vein, Roland, a French national with family in Togo who worked as a cleaner on the Underground pointed out how members of migrants’ personal networks in home countries are keenly aware of the enabling role of remittances: “[when] people are suffering... if you send [them] maybe one hundred pounds... they’ll be praying for you for a whole year”. Roberto, a Brazilian construction worker summarises this: “If one day I earn enough to have my own house there and provide for them, this is good. If they can benefit from my work here it will be enough for me. I will feel fulfilled as a person.” Even among people who did not remit very regularly (mainly those from wealthy backgrounds), many expressed satisfaction as being able to send money when they were asked for it or on special occasions, such as when someone had a baby. Indeed, the satisfaction that migrants experienced at remitting can be interpreted as a coping strategy among migrants (see below and also Datta *et al.* 2006).

Another important part of altruistic remittance sending that had important ramifications for the developmental potential in home countries was sending money to or via home town associations. While this was not very commonly reported, it still existed, particularly among the Ghanaian community who had an especially strong organisational culture in London (Datta *et al.*, 2006: also Henry and Mohan, 2003; Mohan, 2006). However, rather than the more formal home town association that exist in Latin America (Orozco, 2004), these tended to be informal. For example, a tube cleaner who had some businesses in Ghana that supported his wife and family there also spoke about how a group of his friends got together to send things back home in order to help their local community:

“But there is--, there are guys from my area, from the same village that I come from ... from Ghana, that we meet monthly and then we discuss issues and see how best we can contribute to schools back at home. Some schools lack in science books and nursing books or whatever, those kind of things, and we put money together to buy and then we ship it out

to them, so that they can also develop and take care of our community here. 'Cause if you are privileged enough to be here, you can get the money, I can get all the facilities, why they should be sitting there suffering, so we can also help them”.

In terms of non-altruistic or self-interested motives for remitting, several people sent money to establish businesses reflecting the main reasons why they had migrated in the first place. This appeared to be especially common among those from the middle-income countries, especially the Brazilian migrant workers we interviewed. Pedro, a Brazilian office cleaner pointed out about his fellow country people:

“many who are here have the idea of earning money and going back to Brazil. I know many here who are like that, they save money here, as much as they can... and buy a flat over there. They save as much as they can, then they return to Brazil to set up a business. They save to open a hairdresser salon, a bar or anything else where they can be self-employed. To work in Brazil as an employee, you'll starve to death. Many people come over with the idea of going back to Brazil with something. They don't want to pay rent and they want to have their own business”.

While, as suggested by Pedro, people saved in London itself, many actually sent their money back to save it in their home countries such as the case of Joao noted above. Others were explicit that they were saving in their home countries in order to establish a business. For example, Marcelo, another Brazilian construction worker was saving the \$20,000 he needed to set-up a jewellery and lingerie business in Goiania where he was from. Some migrants were also in the process of establishing businesses using transnational and diasporic connections. Mary, a care worker for example, was building up a small business which she ran with her husband, who lived in Ghana, and which relied on her making catalogue purchases in London which were then sent back and sold in her home town. Similarly, Kwame discussed his plans to set-up an architectural technician practice that would serve the Ghanaian diaspora in London by providing plans for houses that migrants wished to construct in Ghana with the money that they sent back home. In turn, Carlos, a Honduran national who had lived all his life in Colombia, had plans to develop a cut-flower business, importing flowers from Latin America, together with one of his cousins in Colombia, and supplying florists in London. Thus, even if migrants could not actually afford to save or send money explicitly for establishing businesses, this was their ultimate plan. Indeed, it was often the case that while migrants sent altruistic remittances in the first instance, once they felt that they had met their obligations to family they could concentrate on more self-interested goals such as building a house and establishing a business.

Being neither explicitly altruistic or self-interested, in a minority of cases, migrants were remitting in order to pay off their debts, most of which had been incurred in order to be able to migrate in the

first place, although some were long-standing debts incurred for other reasons such as failed business ventures. This usually paid for fares and initial spending money for accommodation, food and transport when migrants first arrived, as well as agency fees. For those who borrowed money, there was thus the added onus of having to send remittances to pay off their debts (which were either formal in terms of securing loans from banks or money lenders, or informal borrowing from family and friends). According to Jose, a Brazilian working as a labourer, “Brazilians come here to work hard and build a life, but they get into debt to leave Brazil, to pay for their ticket. So when they arrive here they hope to always have a job, send money home and pay off the debts”. Informal lending in particular was often part of a reciprocal lending system based on moral obligations. For example, Roberto, a Brazilian construction worker sent money every month to his joint bank account that he held with his mother and which was mainly used to pay off a previous loan. He also sent money to his former mother-in-law to pay for the naturalisation process to allow her to become an Italian citizen. She had previously lent him and his wife money so that they could go through the same process, and so he felt he had a duty to help out: “I promised to help her pay for the naturalisation process so she could get her Italian passport. As the person who gave us the money, which we did not have at the time, was her [his ex-wife’s] mum, now I help her pay her mum back, even though we are not married anymore”.

Interestingly, it was the Polish workers in a range of sectors, such as construction and hotel work, who were most likely to be sending money back home to pay off debts. However, these were rarely to pay for migration costs in light of the relatively cheap cost of travel between the UK and Poland, although, in a few cases, debts had been incurred to pay recruitment agencies in Poland. For instance, Sylwia a Pole who worked as a chambermaid in a hotel, was working in London to pay off debts that she and her husband had in Poland. However, these debts were exacerbated by the fact that Sylwia and her friend with whom she had migrated had been duped by a ‘middleman’ whom they had paid £100 and who had promised them jobs that didn’t materialise.

One final issue worth mentioning here and something acknowledged in the wider literature is that people didn’t only remit financial remittances, but often sent gifts as well. This was primarily for altruistic reasons and was most commonly found among those who didn’t remit regularly, but instead sent gifts on birthdays and Christmas or when people requested specific items. Gifts were also sent at the same time as financial remittances and often to extended family members rather than immediate family. The most commonly sent non-monetary goods were clothes and shoes although some also sent mobile phones or electrical goods. On a grander scale, Jose, from Brazil

reported how he had sent an X-box for his son noting, “I only give them expensive presents because they think ‘Well, my dad is living in London’”, highlighting an aspect of the pressures to remit (see below).

This section has outlined the primary dimensions of remittance sending among low-paid migrant workers in London, highlighting the range of factors which motivate migrants to remit and the interconnected nature of altruistic and non-altruistic remittance sending. Broadly speaking, altruistic remittance sending was more widespread among those from lower-income countries in sub-Saharan Africa compared with more self-interested sending among those from Latin America. While money was the common form of remittances, gifts were also sent, usually on a more occasional basis. The paper now turns to discuss the working conditions of migrants to highlight the difficult conditions under which many migrants work which raises important questions regarding the cost of remitting on migrants themselves before moving on to focus more explicitly on the sacrifices that they have to make in order send remittances home. This sets up an explicit challenge to many of the basic tenets of viewing remittances as a development mantra and the answer to development financing.

Working conditions among low-paid migrant workers in London: how remittances are generated

We have now established that sending remittances is an integral dimension of the migrant experience among low-paid workers in London. However, while many migrants are sending quite substantial proportions of their total incomes to their home countries, it is also essential to highlight the conditions under which these migrants work in order to generate these remittances. It is now recognized that the phenomenal growth in remittances is largely attributable to the hard work, risk-taking and sacrifices of migrants the world over, with many migrants concentrated in the lower echelons of the labour markets of richer industrialized nations in poorly paid, low status jobs (Robinson, 2004). In turn, migrants suffer widespread de-skilling, as well as extensive discrimination on grounds of their migrant status which intersects further with gender and ethnicity (see Datta *et al.*, 2006; McIlwaine *et al.*, 2006; May *et al.* 2006).

In London, most migrants have been inserted into a largely service based economy that has tended to provide a growing number of jobs at both the ‘top’ and ‘bottom’ ends of the labour market. There has been an increase in the demand for professional people together with a strong demand for those willing to do routinised, semi-skilled and poorly paid work (Sassen, 1991, 1996; McDowell,

2004; Goos and Manning, 2003). The use of subcontracting, agency staffing and temporary employment contracts have all made such 'bottom end' jobs insecure. Although long associated with women's work, these 'bottom end' service jobs are also drawing increasing numbers of black and minority ethnic and migrant workers into employment (Holgate, 2004; May *et al.*, 2006; McDowell, 2004). Of course, the British reliance on migrant labour is nothing new (Dustman *et al.* 2003, Hamnett 2003). However, what is apparent is that migrants are becoming increasingly important to the functioning of global cities such as London, arguably constituting a 'reserve army of labour', and creating a 'migrant division of labour' (May *et al.*, 2006). Male and female migrants, especially those from the Global South, have become an indispensable workforce in the low-paid service sectors of the economy both in London and elsewhere, even if there are now efforts to restrict this source of labour in the future (Ehrenreich and Hochschild [ed], 2002; Sassen, 1991, 1996).

One of the most important aspects of the working conditions of the migrants that we interviewed was that the vast majority were earning low wages. Mean hourly rates of pay stood at £5.42, with median rates at £5.25. While a minority earned less than the National Minimum Wage (NMW), over two-fifths (43 percent) of the workers earned the statutory NMW¹¹, with less than a half (48 percent) earning above that and up to the Living Wage for London of £6.70 per hour.¹² Therefore, and significantly, 90 percent of workers earned less than the Living Wage. As Barbara, the care worker from St Lucia complained: "My wages are rubbish compared to other sectors, all the businesses, it's rubbish because as a supervisor, I'm being paid only £6.50 an hour whereas other agencies pay more than that." Migrants also worked very long hours, with nearly 60 percent working between 35 and 40 hours per week, and about two-fifths (42 percent) working overtime, often without receiving a higher rate of pay.

In terms of permanency and benefits, most workers had formalised employment relations, exemplified by written contracts (81 percent), and paying national insurance and taxes (92 percent). In spite of this, only a minority of workers enjoyed basic workplace benefits such full statutory paid annual holidays (38 percent), sick pay (29 percent), maternity/paternity leave (18 percent), or access to a pension scheme (13 percent). Similarly, only a minority had their wages increased on an annual basis (27 percent). As most workers were paid on the basis of hours actually worked, the large majority would forfeit the opportunity to earn if absent from work to attend to emergencies (86 percent). In light of these grim conditions, it is not surprising that there were extremely high levels of turnover with two fifths of workers having been with their current employer for 12 months

or less. In the case of office cleaning, for instance, Pedro, a Brazilian labourer, noted: “people are always leaving, new people coming in and leaving again. This happens because the workload is too heavy and people get fed up and can't cope with it anymore. There are people who'll do the job just for one day. They never come back and some do not even demand the one-day pay, they move to other jobs. This has happened many times.”

Exacerbating these conditions is that fact that most migrants had undergone substantial de-skilling on order to secure a job in London with almost half (49 percent) having acquired tertiary level qualifications before moving to the UK. Thus, their jobs in London rarely resembled those they had in their home countries. As Abiodun, a male Nigerian cleaner with London's Underground pointed out: “[cleaning is] the worst job I've any done in my life, that's the worst... I've ever done in my life. I'd never done cleaning job in my life, never. It was either teaching or managing the office”. Similarly, Pedro, a Brazilian office cleaner noted: “many people think that we immigrants are used to cleaning in our country but there are many immigrants who were solicitors, accountants, and in different professions. We are not just worth nothing, we have some value.”

In addition, migrants also complained about widespread maltreatment at the hands of their employers. Marcelo, a Brazilian labourer, thought that a previous employer treated him, “like a dog...this woman, she is not from this world. It is amazing the humiliation she made us suffer...they pay very little...you work four, five hours to earn £25 and suffer a lot of humiliation. I left my country to work and earn money. I did not leave my country to be humiliated, neither to be a slave”. In the care sector, workers had most problems with their clients as Gladys, a care worker from Ghana noted: “some clients are very, very greedy, one hour they want you to do a whole lot of things, and you tell them you can't do it all. They don't understand why you tell them you can't do this before you go, ‘Make breakfast, make me the bed, do this, clean this’”.

Undocumented migrants were in an especially disadvantaged position and by virtue of their irregular immigration status were particularly susceptible to exploitation. For instance, several workers related how employers withheld wages following dismissal or a resignation. Roberto, a Brazilian labourer, who had yet to be paid wages due for one month's work by a previous employer, commented: “if they [employer] are not happy with something, it does not matter that you worked for one month, they think you do not deserve pay for the work you did, they won't pay you, and that is it. As I was here illegally, who would I turn to for help? What could I do, denounce them?” Akelo, a Ghanaian security guard had been dismissed by a former employer for getting a

friend to do his work for him on a Saturday, a day which he normally does not work because of his religion; he was still owed pay for several days' work.

For migrants from the Global South, the recent changes in immigration law and the expansion of the European Union (see above) had had immediate and far-reaching implications for the sustainability of their employment in London. All migrants were aware that they were disadvantaged in the labour market *vis a vis* British-born workers in that they were doing jobs that the British would not do. However, the entry of Eastern European workers after May 2004 had created unprecedented competition in the labour market leading to a further exacerbation of conditions. In the London Underground, several African cleaners reported how Eastern Europeans were taking their jobs and were accepting lower wages. Adesola, a male Nigerian, saw the same process happen in his workplace:

“Now they've introduced people from Romania, Bulgaria, they brought them in, what they do is when they bring them in, they remove some of these Africans, they tell them these people are Europeans and they have better right to work than you... Yeah, that is what is really happening. Because these people when they come in, they don't care how much you pay them. Like the lady from Romania who was later made a supervisor, she worked with me, we were then two supervisors... when I was still getting £6 [an hour], she was getting £3 or £4 something, she didn't mind, she was so happy. She said, “Look this money in Romania can buy, can buy a lot of things”, so she was happy and they don't care and they love their job. The same thing with the Bulgarians--, it's many Bulgarians and Romanian, now Kosovans have joined them... they are self-employed, that is what it is now.”

Polish workers in particular were identified as the cause of much competition and undercutting of wages. Marcelo, a Brazilian labourer related how a Pole attempted to take over the job of a fellow worker at a restaurant by offering to accept the rate of £3 per hour from the manager, who was paying the National Minimum Wage of £4.85 at the time. He went on to comment: “They are coming over and taking our jobs....[and] they have the additional advantage of being allowed to work”. These tensions are also a two-way process with Eastern Europeans also fuelling the tensions with racism as Mirek, a Polish construction worker argued: “black people, who I consider, see us as a threat. We are white, usually better educated. English, who, I think are not officially racist, but are rather open, would prefer to employ Polish, who work harder than a black person.”

This situation has therefore heightened tensions among all ethnic and nationality groups within the low-paid end of the London labour market (see McIlwaine *et al.* 2006). However, most of all it has created a huge division between Eastern European workers and those from the Global South, and

especially those from sub-Saharan African and Latin American countries who often find it most difficult to secure documented entry into the UK.

More specifically, it is also possible to outline how far some of the basic working conditions affected migrant's ability or inclination to send remittances. While there were some interesting variations, overall it appeared that these differences were minimal thus highlighting just how important sending remittances were for low-paid migrant workers regardless of their work status. First, it emerged that wage level had little bearing on the propensity to remit. For example, although those earning the NMW or below were the least likely to send remittances (69 percent of people earning in this wage bracket), this was not much different from those who earned the Living Wage or above (73 percent), with the highest proportion earning between £4-85 and £5.05 (74 percent). However, and perhaps not surprisingly, migrants who worked the longest hours were the most likely to remit, with 76 percent of those working over 48 hours per week sending money, compared with 61 percent of those working up to 16 hours (although there was little difference between those who worked overtime or not). In terms of the permanency of migrant's work, those with written contracts were slightly more likely to send money (72 percent) than those without (66 percent), perhaps reflecting their ability to plan savings more easily. Interestingly, those who paid into a pension scheme, which was a small minority, were less likely to send remittances (62 percent) compared with those who did not (71 percent), probably reflecting the fact that this group had to pay any additional money into their pensions leaving less to divert into remittances. There were also few discernible differences between those who received sick pay and their propensity to remit, and the number of days paid leave people had and their remittance behaviour.

What becomes clear therefore is that migrant workers, and those from the Global South in particular, endured extremely poor working conditions in both a quantitative and qualitative sense of low wages and widespread maltreatment and discrimination in the labour market. However, they also had to endure further hardships in their lives beyond the workplace in order to be able to survive in London and at the same time, to send money to their home countries.

Remittance sending and personal sacrifice among low-paid migrant workers in London

As we noted earlier, there has been little research on the costs of remitting at a personal level of the migrants involved in the sending. However, we suggest that this is crucial to take into account when assessing the efficacy of remittances as the new development mantra. Thus, our research has revealed not only the nature and extent of remittance sending among migrants and the generally

poor conditions under which they are generated, but also the personal sacrifices that migrants have to make in terms of economic and emotional hardships.

The broad context of these sacrifices at this micro-level is often the pressure that migrants feel to remit. While we noted earlier that migrants often felt great satisfaction at being able to help their families in the home countries, many often felt huge pressure both financially and morally to send money. Just as in the case of Daisy from Zimbabwe noted above, Ajua, a care worker from Ghana outlined the nature of these pressures from a financial perspective: “a lot of friends of mine, they have to ... , if they get paid say 200 pounds a week, they have to send about 50 pounds, 100 pounds back home because they’ve got their mum, they’ve got their dad, they’ve got their siblings”.

In light of the low wages received by migrant workers, and implied by Ajua above, people find it very difficult to save money that can be used to remit back home as well as subsist themselves. The main complaint by most migrants was that comparatively they earned much more than they would in their own countries, but that they struggled with the extremely high cost of living in London which many migrants had underestimated when they decided to migrate to the UK. Joao, a Brazilian construction worker, said:

“The other day I worked out what I earn in one week and the difference is minimal, because it is an expensive city, here the cost of living is very high. But we tend to think that it is not, because if you pay £40, £50 rent per week and earn £200, you think that’s ok. But when you analyse it and you work out your monthly and annual budget... If you work out long you want to stay here and how many hours you work per month and per year, with that you can work out what you are not able to send to Brazil. It’s a lot. It’s a lot what we have to spend here”.

As a result, many migrants developed a range of coping strategies that enabled them to both survive in London while remitting to their families in their home countries (see Datta *et al.*, 2006 for a much fuller discussion of coping strategies). One of the main mechanisms was to share accommodation in order to save on rent with 80 percent of the migrants in our survey doing this. Of those workers who shared accommodation and also sent remittances, the majority lived with their partner or spouse (39 percent), followed by those living with their children (24 percent), and by those sharing with non-family members (20 percent). The latter usually lived with migrants from their own home countries, often sharing rooms and using living rooms in order to keep costs down.

Multi-earning was also common, with around one-fifth of migrants (18%) having more than one job. Most had additional jobs in cleaning (57 percent) either in the early morning or evening, with

17 percent taking on extra work in hotel or catering, often in a café or fast-food outlet. The experience of having more than one job is encapsulated by Patricia, a transnational mother from Jamaica, who worked both as a care worker and at a Kentucky Fried Chicken (KFC) fast food restaurant in order to support her daughter back home. She explained why she had two jobs: “2 jobs – because of low pay - I know, it’s not enough money to live on [5 an hour and 5-15 in evening]. Like I want to be running around doing other jobs.” This often occurred at the household level with several people working to make ends meet. For example, Ahmed, a carer from Bangladesh, had encouraged his wife to work part-time in a supermarket so that they could afford to help his brother back home.

This was often combined with minimising consumption levels. This was manifested in several ways such as migrants searching out offers in supermarkets and eating as little as possible. Jose, a labourer with three children and two ex-wives to support in Brazil, noted how in the past he would buy 10 packets of noodles for £2 on offer that he would eat at lunch time with cheap fruit juice. He would then skip dinner and eat at friends’ houses at the weekends. Similarly, several people noted how they used buses rather than the tube to keep costs down or walked everywhere. Related to this, Paulo, a Brazilian labourer who supported his two children and ex-wife’s education, told how there was a time when he had two jobs and he would only sleep on buses, as he had to rush from his daily building job to the evening cleaning job: “there were days when I only slept 50 minutes per day. I used to carry a mobile with an alarm clock. I used to set the alarm clock to go off at the bus stops otherwise I’d miss my stop. Yes, I slept in the bus.”

Another important way of coping with economic hardship was the existence of reverse remittances. While rarely mentioned in the debates about remittances, reverse remittances acted as an important safety net and were usually used for emergencies or one-off payments for education fees. Not surprisingly, these remittances were more common among the better-off migrants and among students. So for example, some migrants reported receiving help from relatives in their home countries when they had lost a job, such as Carlos, a cleaner, whose parents in Colombia sent him £200 when he lost his job to tide him over for several months. Several reported how family members paid or contributed towards studying expenses. For instance, Joshua, a care worker from Ghana had his university fees paid by his uncle in the US, while Kaya, another care worker had half her fees paid by her mother in Ghana while she paid the rest. Some of the more elderly migrants received help from their children, again sometimes through transnational connections. Abiodun, who was 68 and originally from Nigeria and worked as a cleaner on the tube, received money twice

a year from his three children who were living in Germany. Interestingly, these migrants often reported that they disliked having to ask their parents, siblings or wider family for financial assistance.

While migrants often underwent severe economic hardships, they also suffered emotionally as well. Several migrants recounted the difficulties at being separated from their families, especially the transnational mothers and fathers. Others suffered due to loneliness. Marcelo, a Brazilian construction worker who was sending remittances to save enough so that he could establish his own business noted: “You gain life experience here because you don’t have anyone to do it for you. You are alone here. You don’t have friends, you don’t have anyone. You have acquaintances. You have colleagues to go out, work mates, student mates but you don’t have friends. Here you are on your own. Unfortunately, it is like that here.” Indeed, regardless of ethnic or nationality group people reported having very small friendship networks, partly because of not trusting people and partly because they didn’t have time because of their work and studying commitments. However, some migrants, and especially the Ghanaians managed to overcome some of these problems through the formation and membership of community and faith-based organisations in London that provided them with support and a place to meet other from their own countries (see Datta *et al.* 2006).

Another aspect of the emotional hardships that migrants often experienced was that several were ashamed of the jobs they had ended up doing in London. Some did not tell their families back home what they did or how much they earned because they thought they would be disappointed in them. Related to this, Christina, a care workers from Nigeria said with regards to her wages of £5 per hour: “I don’t talk about it, my sisters don’t know how much I earn because they think I work at an agency so they think I’m earning big so whenever we’re talking about money we don’t talk, my brother and my mum, none of them know ... I’m so ashamed” (see also Osella and Osella, 2000).

As a result of loneliness and missing family and friends, most migrants kept in very close contact with their families in their home countries. All those with family reported phoning at least once a week, with some phoning home very day. Judith, the transnational mother from Ghana phoned her son every day to find out what he was doing. People were able to do this because of cheap phone cards and special deals with mobile phone companies. Ahmed, a care worker from Bangladesh who supported his brother’s education back home recounted how he had three mobile phones: one to speak only to his mother, brother and sister, one for daytime calls, and one for off-peak calls. He called his family in Bangladesh every other day to keep in touch with what is going on with the

family. Eduardo also keeps in touch with his children in Brazil: “I call frequently. I call them every week. I call my daughters more than once a week to know how they are. If I dream something, I call them. I am always calling them” (see Vertovec, 2004 on the role of phone calls in maintaining transnational ties).

At a broader level, migrants also reported having to cope with exclusion, discrimination and racism both in the labour market and from British society more generally. Nyana, a care worker from Ghana outlined her ambivalent feelings towards Britain:

‘It makes you feel--, you feel pain, because the happiness or the mind that you go through coming to Britain, I mean the country is very nice to live in, it is far better than our country. I’ve been telling people since I came that I have the electricity, [it] does not turn off, shortage of water and those everyday things, here they have telephones in their houses, you have this, you are well off, I mean we don’t, but we’re fine. We don’t have such things but we’re okay. You have it, but the way we are being treated, sort of makes you feel no good, we don’t feel so good.’

Sally, a Nigerian cleaner working on the London Underground felt that her race stood in the way of any career mobility commenting: “as a black person...it’s really, really hard ... the most job offer the black person [can get] is a cleaner job.” Several people felt that they were marginalized, with Nivaldo, a Brazilian construction worker saying that he felt like a “‘sub’, a member of the underclass” and that in relation to the exclusion he had experienced, “This is one of the worst things in London. It is worse than the weather and anything else. It kills me”. This situation is likely to be exacerbated further as more restrictions are placed on immigration and people increasingly enter the UK as undocumented migrants.

Thus, the sacrifices are often quite severe for people, depending on their circumstances. Social mobility was minimal for migrants, and effectively they could only improve their lives in the longer term if they returned to their countries of origin, something that most wanted to do in the future. However, it is also important not to conceptualise migrants as passive victims of the international system. Many migrants also identified many positive dimensions of both migration and living in the UK and of sending remittances, albeit often within wider structural constraints of an unequal global labour market. For example, Benedito, from Guinea-Bissau who worked as a cleaner in a bank pointed out: “here is better because Guinea-Bissau is a third world country and still have all that poverty. If you don’t have something, there is no one to give you, and you stay in poverty, So, I prefer to kill myself working and earn a little but than being there, working and earning nothing. There you see civil servants working for a whole year without getting paid. Just imagine how they

survive”. Also, to reiterate the point above, several people felt that their hardship was vindicated by their ability to help family back home and/or create a better life. Thus, Gladys, from Ghana stated: “Yes and I’ve been able to give, like, daily bread to my family; given them food by sending them money every month so they can buy food. So it’s good. If I were back home my salary would not even be enough for me so that I would get some to help but here at least I can help and at the same time save something for myself. So it’s good”. However, this still doesn’t detract from the self-sacrifices they undergo in order to put themselves in this position in the first place.

Conclusion

This paper has presented a challenge to the current thinking about migrants’ financial remittances as the new development mantra or the new ‘bottom-up’ financing of development for the Global South. Rather than focusing solely on what happens to remittances in their destination countries as most research to date has done, we have suggested that heralding remittances in such a way completely ignores the micro-level sacrifices and hardships experienced by migrants living, working and generating remittances in the Global North.

Through exploring the experiences of low-paid migrant workers in London, we have shown that remittances are invariably generated on the backs of underpaid, exploited and often excluded migrants. While it is true that many migrants move to London with the specific aim of sending money back to their home countries, and that they can almost always earn more than in the places where they come from, the sacrifices made by these people cannot be overlooked. These are both economic and emotional in nature, with many migrants under-estimating the costs of living in London, and the difficulties involved in being separated from their family and friends. While most managed to cope in the short-term through developing a range of coping mechanisms, their longer term future was rarely assured beyond some vague notion of returning to their home country once they had saved enough or studied enough, or trying to get a much better job in London. The prospect of the latter is unlikely and will become even more so as British immigration policy becomes ever more selective and restrictive and as the focus shifts towards the A8 countries, possibly soon to be joined by Romania and Bulgaria.

Therefore, we argue that a development policy that is based on the generation of remittances by workers in the Global North sending money to their home countries is inappropriate, unsustainable and ultimately unethical. However attractive such an approach may be to the neo-liberal IFIs, the reality is that it absolves them and national governments of responsibility to develop policies that

address structural inequalities that lead to South-North migration in the first place. Furthermore, it also ignores the fact that labour markets of the North are functioning only because migrants are doing the jobs that natives often refuse to do. But most importantly, such a mantra completely neglects the migrants themselves who toil for low wages in labour markets that discriminate against them and live in societies that exclude them.

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¹ An important point to clarify at the outset is that migration from the Global South rarely involves the poorest in any society. In turn, at a national level, it is middle income countries such as Mexico and the Philippines that are the main exporters of people (de Haas, 2005; Kothari, 2003).

² Globally, US\$232 billion were sent home in 2005 by 200 million migrants and comprising three times ODA of US\$78.6 billion (Orozco, 2006: 1; World Bank, 2006).

³ Examples of IRTS include the *hawal* and *hundi* in South Asia, the *fei ch 'ien* in China and *casas de cambio* in South America. Following terrorist attacks of 9/11, these flows have come under greater scrutiny due to fears that they are being increasingly criminalized (Ballard, 2003; Bracking, 2003; Kapur, 2003).

⁴ Indeed, it is not only private remittances that have a potentially beneficial impact upon migration but also diasporic communities which contribute to FDI, market development, technological transfer, tourism and political contributions. DfID (2006a) reports that half of the £26 billion in FDI that flowed to China in 2002 originated in the Chinese diaspora.

⁵ For example, DfID (2006a) notes that remittances to Afghanistan, Somalia, Central America and the Balkans have helped non-migrants and their communities to recover following conflict and/or natural disasters. The Tsunami in December 2004 is another illustration of this.

⁶ Bracking (2003) argues that the amounts remitted to sub-Saharan Africa may be particularly underestimated due to the use of informal mechanisms to remit money. This, in turn, is attributable to a growing disparity between official and unofficial exchange rates.

⁷ DfID (2006a) reports that the State Bank of India made available to NRI's 5 year bonds which could be redeemed in US\$ or German marks while also being exempt from Indian income and wealth taxes. The Philippine government has also created incentives including tax breaks and privileged investment options for Filipinos living abroad.

⁸ Although the hospitality sector was removed from sector-based scheme on 01/07/05. Food processing remains until June 2006 and the scheme is to be abolished 31/12/06.

⁹ The team of 11 researchers were recruited and managed by London Citizens, the research was directed by our team at Queen Mary and the work was funded by the Economic and Social Research Council (ESRC), the Greater London Authority (GLA), Oxfam, Queen Mary, University of London and UNISON. The researchers were also given training in organising techniques with London Citizens as part of their Summer Academy. This research has been used to support the living wage campaign in London (for more information, see Evans *et al.*, 2005; Wills, 2004).

¹⁰ This paper draws upon 18 interviews conducted with care workers; 14 with construction workers; 10 office cleaners; 5 hospitality workers and 9 cleaners on the London Underground.

¹¹ The National Minimum Wage was £4.85 2005 when the questionnaire survey was conducted and has since risen to £5.05.

¹² The Living Wage is an hourly rate of pay proposed by the Office of the Mayor of London as necessary for a minimally-decent standard of living for workers in London and is based upon the absolute basic living costs that families need to cover and the government's definition of relative poverty (see Evans *et al* 2005; GLA, 2006). Without benefits and tax credits, the Living Wage for London is calculated to be £8.10 an hour in 2005.



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