



Transnational networks and the creation of local economies: economic principles and institutions of Ghanaian migrants at home and abroad

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1. Introduction

This program¹ studies the principles and institutions guiding economic behavior of migrant groups in transnational networks. In specific, the program will study Ghanaian migrants in the Netherlands and in localities in Ghana which are part of the migrants' transnational networks. Migrants form transnational networks through their physical movement from one locality to another and back again, as well as through the flow of communications offered them by the communications revolution. These networks serve as the conduits of information, goods, ideas and money. Through this flow, values, knowledge, financial opportunities and means of social assistance change, ultimately impacting the institutions that shape local economies at home and abroad. This research asks how migrants' transnational networks affect the economic principles² and institutions³ on which local economies are formed.

The program is relevant for both migrant and development policies. The integration of migrants within Dutch society has been the focus of much

public debate (see, for example, <http://www.nrc.nl/W2/Lab/Multicultureel/inhoud.html>) and is, more generally, indicative of the increasing importance of the migrant question within Europe. This program addresses what drives economic activity in migrant neighborhoods and can therefore lead to more effectual policies regarding migrant integration in host country economies and the development of the neighborhoods in which they live. At the same time, by including part of the network that is based in a developing country, this study sheds light on the institutions through which a large part of transfers of knowledge, materials and money are made from the Western world to developing countries. This program can have important implications for development policy, which has always targeted official types of institutions such as government agencies, non-governmental organizations and international institutes through which to channel development efforts.

The focus of the program consists of a theoretical and an empirical question. At the theoretical level, the program asks how can principles and institutions guiding economic action in migrant communities be incorporated into economic theory and analyses in order to understand the economies that are being created in migrant neighborhoods? It takes an interdisciplinary focus by integrating both economic and anthropological approaches to the study of local economies. At the empirical level, the program takes transnational networks as its basic unit of analysis and studies the effects these have on the principles and institutions guiding economic action in *different* locations of the transnational network. Below the theoretical and empirical questions are expanded upon.

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² Local economic principles are commonly held concepts that guide economic action such as, for example, what is a sensible investment, how assets are created and valued, how money can and cannot be used, how the future is valued (i.e. time valuation) and what constitutes wealth.

³ Institution is defined similarly to Uphoff (1993) as the "complexes of norms and behaviors that persist over time by serving collectively valued purposes" (p. 614). Economic principles thus fall under the category of economic institutions but are emphasized here in order to make clear the distinction with the more restrictive use of the term institution that is at times used in the literature to denote organized structures such as credit associations or agricultural cooperatives.

2. Theoretical issues

Theoretically, this program aims to integrate social capital research conducted within the economics discipline with recent anthropological insights about the workings of local economies. The most common themes that run through the different definitions of social capital used by economic studies are networks, norms and trust. Some studies find that social capital, as measured in terms of associational membership, facilitates co-operation and co-ordination and thus has a positive effect on economic development (for example, Grootaert et al. 1999). However, other studies highlight that there is also a “downside” to social capital. For example, group loyalties may place large obligations on members so as to isolate them from information about employment opportunities, or elicit ridicule towards those who study and work hard, or use hard-won assets, all of which have negative economic consequences (Woolcock and Narayan 2000). Early debates on social capital by economists focused on its quantification. This led to a focus on formal networks and groups because quality and quantity of associational life are used as proxies for social capital. This risks ignoring the less formalized, but nonetheless important, networks that cannot be easily quantified. More recently, social capital debates have recognized that gaps still exist in our understanding of the processes involved in the creation and transformation of social capital and that there is a need to develop appropriate research methodologies to study it (Lyon 2000).

Anthropological theory and methods can contribute to social capital theory precisely through the insights it can bring to the workings of economic principles and institutions and their transformation over time. The recent emphasis of anthropology on the mixture of economic principles that emerge in societies within a globalized context, brings the study of local economies beyond the traditional substantivist/formalist divide that still characterizes much work on local economies. Assumptions still prevail about actors being primarily guided by principles of reciprocity, solidarity and mutual assistance representing a “traditional” form of economy, or by market principles associated with a capitalistic form of economic organization. Recent studies of African economies (such as, Berry 1989; Shipton 1989; Guyer 1997a; Mazzucato and

Niemeijer 2000a, 2000b), instead, show that principles can neither be categorized as purely traditional, nor as purely market oriented, nor as being somewhere in transition between the two. Rather they identify and characterize particular sets of economic principles resulting from the integration of a market economy within a local, social and historical context.

Consequently, this program builds on the framework developed in Mazzucato and Niemeijer (2000a) in which understanding the development of local principles within a globalized context is the subject of study rather than assumed. Concepts will be investigated such as what is considered to be a worthwhile investment (including investments in social relations); what time horizons people have, including their expectations of the future and “imagination” (Appadurai 1996) in terms of today’s staging ground for future action; assets in terms of what they are and how they are managed over cyclical time (periods, seasons and cycles as are common in economics) and how they are created and transformed over historical time. Once these principles have been identified and characterized, methods of quantification will be developed building upon methods already used in social capital theory, so that these principles can be formalized within an economic theory of social capital.

3. Empirical question and projects

The empirical question of this program focuses on transnational networks as the object of study. Research on transnational networks has argued that these networks are key factors in determining the organization of economic activity (Klaver 1997; Kane 1998). The concept of transnational networks is opposed to the “bipolar” (Rouse 1995) approach of migration studies dominant in the 1970s and 1980s. These latter studies consider migrants as moving between two fundamentally distinct places, that maintaining relations across such distinct places is difficult and that consequently a migrant has only one of two options available: either return to the country of origin or assimilate within the host country.

The study of transnational communities arising out of the anthropology of migration and globalization, instead, argues that people move back and forth between international borders and in so doing create

a transnational process in which a social network is created comprised of ties with the different locations encountered in the migration process (Basch et al. 1994; Appadurai 1995). In this view, migrants become transmigrants who forge and maintain multi-stranded social networks (family, economic, social, organizational, religious and political) that link together different localities. They take action, make decisions and develop identities embedded in networks of relationships that connect them simultaneously to two or more nation-states (Basch et al. 1994).

Contemporary studies on transnational communities seek to understand the multifaceted nature of networks and translocal spaces that migrants create through modern forms of communication, movement and information (van Dijk forthcoming; Holloway 1994). Through the continuous movement of migrants back and forth and the increased circulation of money, goods, services and information, new kinds of social spaces are created. This notion, however, is only slowly being integrated in migration studies as exemplified in the recent volume Baker and Aina (1995).

This program takes transnational networks of Ghanaian migrants in the Netherlands as the object of study. It does not limit itself to one geographical location as is currently still predominantly done in studies on migrants. Rather, it studies various locations along the migration path of Ghanaian migrants through three projects:

project 1

The first project proposed under this program studies a group of Ghanaian migrants in the Bijlmer neighborhood in Amsterdam where the majority of Ghanaian migrants in the Netherlands live. It will be conducted by Dr. Valentina Mazzucato who is also the program leader and has a supervisory function for projects 2 and 3. This project looks at how migrants' participation in transnational networks affects their everyday economic decisions and in so doing shapes the local economies that are emerging in migrant neighborhoods in Europe such as the Bijlmer.

project 2

The second project focuses on parts of the transnational network of the migrants studied in project 1. Many Ghanaian migrants were born and have lived in a major Ghanaian city so this project will be located in a Ghanaian urban center. It will begin one year after project 1 and will be conducted by Mr. Lothar Smith. This project looks at how contacts with international migrants affects the economic development of a city in a developing country such as Ghana. For example, it is known that Ghanaian migrants send remittances home to build a villa in a city in Ghana from which they conduct various economic activities. How have these villas, and the economic activities run from them, affected local economic development?

project 3

The third project will also focus on a part of the transnational network of the migrants studied in project 1. As most Ghanaian migrants either originate from or trace their roots to a rural Ghanaian village, this project will be based in a village, the exact location of which will be determined by where the Ghanaians in project 1 have their roots. It will begin one year after project 1 and will be conducted by Ms. Mirjam Kabki. This project looks at how contacts with international migrants affects rural development in Ghana. For example, it is estimated that private monetary transfers to Ghana comprise over 40% of money received from development assistance (EIU 1999). What effects have remittances and communication with international migrants to Europe had on village life? How have consumption patterns changed as a result and how has this impacted local economic development?

4. Approach and methods

The theoretical perspective taken, in which local economic principles are conceptualized as being shaped and transformed from the integration of a market economy within a local social and historical context, means that economic principles need to emerge from the research rather than be assumed according to pre-determined theories of economic behavior. A grounded theory methodology will thus be followed as was done in Mazzucato and Niemeijer (2000a) for the study of local economic principles. Grounded theory methodology, first developed by Glaser and Strauss (1967), has as its basic premise

that theory should emerge from what is being observed. The method entails collecting information and constantly comparing it with previous information. Through this process categories of information are formed. The comparison continues until theoretical properties of categories are generated. At the same time, categorizing reveals which additional data are required to further develop categories. In so doing a grounded theory is formulated.

The first year of the program will be spent on background studies such as literature review and key informant interviews with important actors affecting Ghanaian communities in the Netherlands. Contacts will be made with Ghanaian migrants through participation in social, political and religious events, as well as conducting a radio program on Ghanaian radio in the Netherlands.

Both quantitative and qualitative methods of data collection will be used. First, a case study design will be followed in which 10 to 15 individuals per project will be selected as cases. The case study design has been chosen because part of the program entails the comprehension of economic principles which requires in-depth coverage. The case study design also is conducive to building relationships of trust with respondents that is crucial for gaining insights regarding certain practices, such as gift-giving, which are necessary for this research. Case study individuals will be selected based on the criteria of having individuals from a variety of affiliations (church, work, gender, etc.), men and women, some from the same families and willingness to participate. The first individuals to be selected are for project 1. The transnational networks of these individuals will be traced, and case study individuals will be selected accordingly for projects 2 and 3.

A variety of economic and anthropological methods will be used to ascertain the principles that guide economic behavior similar to those used in Mazzucato and Niemeijer (2000a). As much as possible, the same methods will be used in all three projects in order to ensure comparability and integrability of research results. The methods employed are: structured interviews, open-ended interviews, life histories, a transaction study, time allocation studies and observation. As much as possible, questions will include historical dimensions

and will be triangulated with information in colonial documents and travellers' accounts. Interviews will be recorded, transcribed and translated. The topics for which it is possible to speak about without having a relationship of trust with the respondent will be further pursued with a wider group of people through focus group discussions.

Along side the methods employed at the case study level, several parallel studies will be conducted which aim at understanding the social, political and economic context in which transnational networks function, the breadth and function of networks. The context in which transnational networks function will be studied through a review of pre-existing documents. Furthermore, the head of the NWO program looking at just this aspect for migrant businesses in the Netherlands (see section 3) has been included in this program as a supervisor. The breadth and function of networks will be researched through a network survey. Starting from the case study individuals, the members of a person's network are traced, strong ties identified and the people with whom these strong ties are formed, interviewed on selected topics. This network survey will form the basis of a quantitative network analysis.

5. Innovative nature of the research proposal

This program is innovative on five fronts. First, is the multi-local nature of the research. While increasing literature refers to the transnational character of international migration, still very few empirical studies exist which explicitly study migrant issues from different localities within the migration path (for an exception see Klaver 1997).

A second innovative characteristic of the program is the thematic focus on migrant economic principles and institutions. Studies that come closest to this focus are those on migrant businesses. However, such studies focus on business ventures while the program here proposed aims to explore every-day economic decisions such as whether and how to invest in a child's education, whether to dedicate time and resources creating and maintaining social relationships or what kind of income earning activity to engage in.

A third innovative aspect is the inter-disciplinary focus of the program. Micro-level research on economic issues related to migrants such as the

program on immigrant self-employment mentioned above are conducted by researchers from a variety of disciplines ranging from anthropology to political science and from law to sociology, however, economics is a discipline that is usually absent. Economists (regional economics, economic geography) in turn, tend to focus on macro-level issues related to migrants such as participation in labor markets (employment opportunities, wage differentials) and urban lifestyles of the host country (education, social services, etc.). The program here proposed instead, by integrating economics and anthropology, brings together disciplines and debates that have thus far often remained separate of each other.

The fourth innovative characteristic is the inclusion of development experts in the study of migrants in Europe. Migration is often studied by experts specialized in Western country contexts given the prevailing bias of looking at migrant issues from the point of view of the receiving country. This program instead is conducted by researchers who also have expertise in developing country issues and thus can bring development theory to bear on European migration issues.

Finally, most studies on migrant communities in the Netherlands have focussed on “old migrant groups” such as Turkish, Moroccan, Surinamese and Antillian migrant groups. African migrants have remained relatively under-researched until now (van Kessel and Tellegen 2000). According to official figures, Ghanaian migrants along with Cape Verdians, are the largest group of economic migrants from sub-Saharan Africa in the Netherlands.

6. Organization of the program

A research group has been composed for this program consisting of Prof. Gunning (development economics, Free University, Amsterdam), Prof. Dietz (human geography, University of Amsterdam), Dr. Rath (migrant studies, University of Amsterdam), Dr. van Dijk (anthropologist, African Studies Center, Leiden) and Dr. Mazzucato (development economics/anthropology, Free University of Amsterdam/University of Amsterdam). Workshops with this group will be organized on a bi-monthly basis to ensure the interdisciplinary nature of the program.

Fieldwork will be carried out during the second, third and fourth years of the program. Project 1 will begin fieldwork one year earlier than the other two projects in order to determine the locations and make a pre-selection of case study individuals for projects 2 and 3. The second and third years of fieldwork will be carried out at the same time for all projects in order to allow for possible adaptations to the methodology to occur simultaneously thus ensuring comparability and integrability of the research results. Project 1 includes five, three-week trips to Ghana, while projects 2 and 3 include two stays totaling 20 months in Ghana each. At the end of the fourth year of the program, an international conference will be organized bringing together experts working at the crossroads of social capital, transnational networks and migration in Africa. The last year of the program is dedicated to the publication of the results from the research and the international conference, in the form of journal articles, an edited volume and dissertations (projects 2 and 3). For an overview of the organization, see table 1.

Table 1. Research tasks by project

	2001*	2002	2003	2004	2005**
Literature review	1	2,3			
Language course	1				
Select case studies		1	2,3		
Fieldwork		1	1,2,3	1,2,3	
Trips to Ghana	1	1	1,2,3	1,2,3	1
Coursework		2,3			
Organize conference				1	
Participate in conferences	1	1	1	1,2,3	1,2,3
Edit book/special issue journal					1
Write articles	1	1	1	1	1,2,3
Write dissertation					2,3

* Project 1 begins in July 2001; ** Project 1 will continue through June 2006

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The aggregate output of transnational corporations (TNC) exceeds a quarter of the global GDP. The jungle is densely populated and is quite important for the creation of the planet's economic landscape. The aggregate output of transnational corporations (TNC) [1] exceeds a quarter of the global GDP [2]. The TNC divisions beyond the home countries, i.e. the countries where relevant TNCs are registered and/or headquartered, boast approximately 10.3 percent of the global GDP and one-third of the world exports [3]. In spite of the global crisis, the TNCs successfully expand. originating from local conflict zones. Mazzucato, V. (2000) Transnational networks and the creation of local economies: Economic principles and institutions of Ghanaian migrants at home and abroad. Nederlandse Organisatie voor Wetenschappelijk Onderzoek, grant number 410.13.010P. Demystifying Hernando de Soto: A Review of The Mystery of Capital. Migrants engage in transnational practices as a form of insurance/back up (Guarnizo, 2003;ltzigsohn and Saucedo, 2002;Levitt and Jaworsky, 2007).Remittances have been an important aspect of international migration and an integral part of transnational networks (Smith, 2007). Investigation into their operations is therefore necessary to understand these challenges and dynamics. Findings show that Ghanaian football migrants return due to their attachment to Ghana, a desire to be with family and a willingness to contribute in a meaningful way toward development in Ghana despite challenges experienced upon return. View. Show abstract. This paper is about the reproduction and the transformation of social networks and