

REMITTANCES: AN EFFECTIVE WAY TO ALLEVIATE POVERTY?

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Despite democracy opening the door for transformation in South Africa, fifty six per cent of Africans still live in poverty (UNDP, 2004). This leads to poverty alleviation and eradication not only being the focus of national and regional policy frameworks, but also is the main focus in many international policy frameworks. The first and ¹most important of the Millennium Development Goals (MDGs) is to half poverty by 2015 (UNDP, 2003). Among the primary objectives of the New Partnership for Africa's Development (NEPAD) is the eradication of poverty, while the Regional Indicator Strategic Development Plan (RISDP) adopted by the Southern Africa Development Goal commits the region to poverty alleviation (Organisation of African Unity, 2001). The Accelerated and Shared Growth Initiative of South Africa (ASGISA) in turn has the ultimate objective of halving poverty in South Africa by 2014 (Office of the President, 2006).

An understanding of the determinants of poverty is required to inform these policies and programmes employed in reaching the goal of poverty alleviation and eradication. Yaqub (2002), Bhorat et al (2001:153) and Van der Berg & Louw (2004:2), amongst others, refer to the importance of employment income as one of the biggest contributors to household per capital income and household poverty avoidance. Another strategy for dealing with poverty is migration. Migration is complex and multi-faceted. As a result, there exist many migration theories explaining the phenomena and how migration may influence poverty via remittance flows (Boyle et al., 1998; Arango, 2000; Kok et al., 2003).

This study aims to investigate the changes in migration, remittances and income poverty over the course of South Africa's political transformation period. For this purpose a political timeline was developed. This timeline was employed to determine whether older or younger generations are more likely to migrate. This study also analyse both incoming and outgoing remittances to determine any differences given the generation of the household. For poverty analyses the study makes use of poverty lines based on adult

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equivalent household sizes. These levels of poverty are compared for the different generations to investigate possible changes over the transformation period. This study further aims to investigate whether migration may in fact be regarded as a possible mean to escape poverty.

1. LITERATURE REVIEW

Migration is extremely complex. Despite the abundance of literature on migration, the literature agrees that migration is multi-faceted and therefore cannot be explained by a single theory (Kok et al., 2003:8; Arango, 2000:283; Boyle et al., 1998:1&34). In general, migration involves the movement of a person (migrant) across defined boundaries for a specified period of time, or as Kok et al. (2003) defines migration as a change of residence, accompanied by crossing one of the boundaries of a migration-defining area. The border that is crossed determines whether the movement can be classified as either internal migration (crossing a border within the borders of a country) or international migration (crossing a border between countries).

Despite other theories, The *New Economics of Migration* theory recognises migration as a household rather than an individual decision, which is part of a risk management strategy aimed at income diversification (Bilsborrow et al., 1987; Greenwoodt, 1985; Lauby and Stark, 1988; Junming, 1997; Avango, 2000; Kok et al., 2003). Migration is seen as a risk management strategy due to the remittance flows usually associated with migration.

Remittance flows represent any monetary and/or in-kind transfers that migrants send home to family members or other beneficiaries; be it via formal or informal channels (World Bank, 2005). All these monetary and in kind remittances are referred to as *economic remittances*.

Goldring (2004:813-18) classify economic remittances into three categories. *Family/Individual remittances* is seen as an income source and therefore spent on individual, household or family expenses. Because it is seen as income, it will also have a poverty reduction effect. *Collective remittances* on the other side are not seen as an income which is used for expenses as in the case of family remittances. Collective remittances are rather seen as a source for development. Remittances are regarded as collective remittances in a case where remittances are raised by a group that is used for investments in order to

eventually benefit this group or community. This way of raising funds for development is therefore believed to have a long term development effect benefiting a whole area or community. *Investment remittances* (as in the case with collective remittances) are not seen as income which is spend on daily consumption, but also as a source which may lead to development. Investment remittances are money sent back by a migrant to their home areas for the use of specific investment opportunities.

The definition of remittances has also been extended to indicate the non-economic nature of remittances. The term *social remittances* are sometimes used to describe the diffusion of various types of social practices, ideas and values, mainly to the migrant-sending areas (Levitt, 1998) *Technical/technological remittances* are used to indicate the knowledge, skills and technology brought back by returning migrants (Nichols, 2002) and *political remittances* are used to indicate changes in political identities, demands and practices associated with migration (Fitzgerald, 2000; Goldring, 2004).

These economic and non-economic impacts of remittances contribute to the controversy whether remittances have positive or negative effects on the remittance-receiving areas. Some researchers (Cohen, 2005:89; Seddan, 2004:415; Martinez, 2004:25; Goldring, 2004; Urzua, 2000:421) see remittances as negative and indicate that remittances are only used for daily survival and are not spend on productive uses - leading to short term effects. Because these remittances are believed not to be invested, they will have no impact on development and poverty reduction and may even distort them further. This pessimism (inspired by the dependency theory) is supported by the argument that migration leads to the withdrawal of human capital, the breakdown of traditional stable village communities and leading to people becoming dependent on remittances (De Haas, 2006:2). The second school, supported by Adams (2005:1652), Koc (2004:78) and Zachariah et al. (2001: 1), see remittances as the key to the increasing of living standards and the alleviation of poverty. They agree that remittances are directly focused on benefiting the poor. Whether remittances are used for consumption, buying houses, or for other investments, it is believed that they generate positive effects on the economy and especially benefit the poor.

Migration may therefore represent an important strategy for dealing with poverty via remittance flows (Zachariah et al., 2001; Posel, 2003; Koc, 2004; Adams, 2005; World Bank, 2005).

Whether a person is poor or not is very subjective and needs clarification. Ravallion (1994:3) defines a person as being poor when that person does not attain a level of economic well-being that constitutes a reasonable minimum by the standards of that society. Literature on poverty identifies two different types of poor people, those chronically poor and those transitory poor.

The distinguishing feature of chronic poverty is its extended duration. Chronic poor people remain poor for much of their life course and may even “pass it on” (see Moore, 2001 on Inter Generational Transmission (IGT) of poverty) to subsequent generations. For this chronically poor group it is usually extremely difficult to emerge from poverty due to them experiencing not only shortages in terms of income, but significant capability deprivations. (Hulme & Sheperd, 2003: 405-407; Hulme, Moore & Sheperd, 2001:2). Transient poverty or transitory poor on the other hand are households that move between poor and non-poor categories (Carter & May, 2001:1991).

The big controversy regarding both chronic and transient poverty comes from their measurement. Both can be assessed either in absolute or relative terms. The most common method for measuring poverty is by making use of poverty lines which represent the cost of buying a basket of essential items that allows one to meet or satisfy certain basic needs (Rio Group, 2006). Absolute poverty is measured in terms of such a pre-determined poverty line based on either income or consumption.

Relative poverty is based on the view that the standards of living in one society may differ from the standard of living in another society. Therefore, a relative poverty line will be higher in those societies with a higher average standard of living and lower in those with a lower average standard of living and always refer to the poorest quintile or percentages of that society.

2. DATA

The KwaZulu-Natal Income Dynamics Study (KIDS) is a longitudinal survey study which follows a random sample of individuals who lived in KwaZulu-Natal (KZN) in 1993 (KIDS overview, 2005). Those individuals interviewed in the 1993 wave of the study (known as the Project for Statistics on Living Standards and Development (PSLSD) were re-interviewed in 1998 and again in 2004. Due to the KZN province' population consisting largely out of Africans (85%) and Indians (12%), Whites and Coloureds were not included in the 1998 and 2004 sample of individuals interviewed (although included in the PSLSD).²

In 1998 the “core members” of the African and Indian households were followed. Due to aging and the effect of HIV/AIDS on these “core members”, the 2004 wave also followed “next generation” (new households formed by the sons and daughters of the 1993 “core members”) as well as “foster children” of the 1993 “core” household members. This was done to ensure comparability and tracking of the 1993 households.

For the purpose of this study, only the 2004 survey data of KIDS was used. In some cases and, due to some data either being missing or questioned, the original data from the 1993 survey was used to fill these gaps.

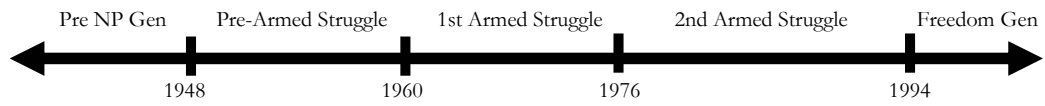
3. METHOD - POLITICAL TIMELINE

A political timeline was developed to analyse transformation in South Africa (Figure1). Four important political dates in the South African history were chosen to distinguish between five different political generations. The first of these dates is the year 1948 when the Nationalist Party came into power and apartheid was institutionalised with many discriminatory laws. The second date marks the year 1960. On 21 March 1960 a group associated with PAC (Pan-African Congress) held an anti-pass demonstration in Sharpeville. Police opened fire on the group, killing 69 and injuring hundreds. This day is

² “The KwaZulu-Natal Income Dynamics Study (KIDS) was a collaborative project between researchers at the University of KwaZulu-Natal, the University of Wisconsin, London School of Hygiene & Tropical Medicine, International Food Policy Research Institute (IFPRI), the Norwegian Institute of Urban and Regional Studies and the South African Department of Social Development. In addition to support from these institutions, the following organizations provided financial support: UK Department for International Development; the United States Agency for International Development (USAID); the Mellon Foundation; and National Research Foundation/Norwegian Research Council grant to the University of KwaZulu-Natal.”

yearly observed as Human rights day. The year 1976 is nationally and internationally known as the year in which the Soweto uprising occurred. On June 16 thousands of pupils of all the schools in Soweto formed a parade protesting against the use of Afrikaans as the means of instruction and learning. Again police opened fire, killing over 1000 children and injured many more. This was a turning point in the struggle against apartheid and this day is yearly remembered as Youth day. The last date (27 April 1994) marks the end of apartheid. On this day South Africa held its first nationwide democratic election in which all adults were allowed to vote.

Figure 1: The political timeline



These four dates divide the South African history into five political generations. The first is the era before 1948 which refers to the “Pre-Nationalist Party Generation” (Pre-NP). The second era identifies the “Pre-Armed Struggle Generation” between 1948 and 1960. The time period 1960 to 1976 identifies the “First Armed Struggle Generation” followed by the “Second Armed Struggle Generation” until 1994. The last generation is identified as the “Freedom Generation” and refers to the period after 1994.

The World Bank uses the term “youth” to refer to those persons between the ages of 15 to 25. This age bracket was used to allocate the different 1993 households’ heads to the different political generations.

4. RESULTS

In order to analyse the difference in migration status, remittances and poverty, the age of the household head was used. Due to the 2004 survey not identifying the head of the household, the 1993 data had to be analysed to determine the 1993 head of the same household. In 2004 a total of 1426 households were interviewed which included 865 “core” households, 319 “Next Generation” households, 193 “Foster Child” households and 49 “extinct core death” households. Of these 1426 households, a total of 988 households’ 1993 heads could be determined from the 1993 survey data. This includes 655 “Core”-, 191 “Next Generation”-, 121 “Foster child”- and 21 “Extinct core death” households. In the case of a “Next Generation” or “Foster child” household, the

household was traced back to their original 1993 household. In some other cases where the heads could be determined, the relevant ages or dates of birth were either missing or incomplete for analyses and these household head's were dropped.

Given the age of the 1993 household head and the political generation (Figure 1), each household head were allocated to a political generation (Table1). Of the total 988 household heads, ten per cent were allocated to the Pre-NP Generation. The largest percentage was allocated to the First Armed Struggle Generation (37.8%) followed by the Pre-Armed Struggle Generation (29.1%). In order for a household head to be regarded as part of the Freedom Generation, he/she had to be younger than 35 years of age in 2004. Due to the heads of the households usually being older, only six households could be allocated to the Freedom Generation. If the 2004 heads of the households were known (especially for the “next generation” and “foster child” households), many other household may have been allocated to the “freedom generation”.

Table 1: Households in each political generation

HH Head's generation	Freq.	%
Pre-NP Generation	100	10.1
Pre-Armed Struggle Generation	287	29.1
1st Armed struggle Generation	374	37.8
2 nd Armed struggle Generation	221	22.4
Freedom Generation	6	0.6
Total	988	100

When looking at the migration status of these households (Table 2), a total of 21.8% of them migrated between the periods 1998 to 2004. Of those households who migrated, the largest group were from the first armed struggle generation (41%) followed by the pre-armed struggle generation (31%). It therefore seems that households in the first-armed struggle generation are more likely to migrate. Unfortunately the Pearson chi² test revealed that those who migrated does not statistically significant differ between the different political generations.

Table 2: Migration status by the different political generations

	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
Households who didn't migrate	79	211	282	179	4	755
	81.4%	76.4%	76.6%	82.1%	66.7%	78.2%
	10.5%	27.9%	37.4%	23.7%	0.5%	100.0%
Households who Migrated	18	65	86	39	2	210
	18.6%	23.6%	23.4%	17.9%	33.3%	21.8%
	8.6%	31.0%	41.0%	18.6%	1.0%	100.0%
Obs	97	276	368	218	6	965
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Migration is usually associated with remittances. Remittances are any form of monetary and/or in-kind transfers that migrants send home to their family members, relatives or other beneficiaries. This is regarded as in-coming remittances. Households may also send remittances to family members, relatives or other beneficiaries not living in the household. This on the other hand is regarded as out-going remittances.

Table 3: Incoming remittances by political generations

	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
Households not receiving remittances	73	217	296	168	5	759
	73.0%	75.6%	79.1%	76.0%	83.3%	76.8%
	9.6%	28.6%	39.0%	22.1%	0.7%	100.0%
Remittance receiving Households	27	70	78	53	1	229
	27.0%	24.4%	20.9%	24.0%	16.7%	23.2%
	11.8%	30.6%	34.1%	23.1%	0.4%	100.0%
Obs	100	287	374	221	6	988
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	10.1%	29.0%	37.9%	22.4%	0.6%	100.0%

Table 3 summarises the incoming remittances received by households. From the 988 households, 229 (23.2%) received some form of remittances. The most remittances were received by the first-armed generation (34.1%) followed by those in the pre-armed generation (30.6%). It was expected that those in the pre-nationalist party's generation would receive more remittances than the other generations due to them being the older generation. This is confirmed by table 3. As indicated, 27% of those in the pre-nationalist party generation received remittances while 24.4% of those households in the pre-armed generation received remittances. Although there are only six households in the Freedom

generation, only one of them received remittances. It therefore seems that the younger the household, the less likely they are to be a receiver of remittances. Although this was expected, the Pearson chi² test indicated that the differences in receiving remittances by the political generations are not statistically significant.

When analysing the sending of remittances, it was expected that those households in the younger generations would be net-senders of remittances while those in the older generations would be net-receivers of remittances. This seems to be the case by referring to table 4. From the total households, 245 (24.8%) sent remittances to other family members or friends outside the household. Of those who sent remittances, 83 (33.9%) were in the first-armed generation. When comparing the different generations, table 4 indicates that only 23% of those households in the pre-nationalist party generation sent remittances comparing to the 27.5% of the pre-armed struggle. In the second-armed struggle, a total of 27.1% sent remittances out of the household. The a-priori expectation that those in the younger households would send more remittances seems to be correct, but the Pearson chi² test revealed that this difference in the sending of remittances by the different political generations is also not statistically significant.

Table 4: Out-going remittances by political generation

	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
Households not sending remittances	77 77.0% 10.4%	208 72.5% 28.0%	291 77.8% 39.2%	161 72.9% 21.7%	6 100.0% 0.8%	743 75.2% 100.0%
Remittance-sending Households	23 23.0% 9.4%	79 27.5% 32.2%	83 22.2% 33.9%	60 27.1% 24.5%	0 0.0% 0.0%	245 24.8% 100.0%
Obs	100 100% 10.1%	287 100% 29.0%	374 100% 37.9%	221 100% 22.4%	6 100% 0.6%	988 100% 100.0%

Table 5 displays the average value of outgoing, incoming and net remittances. This value is calculated on a monthly basis for those households who sent or received remittances. The monthly value of outgoing remittances over all the generations is R351 with a standard deviation of 473. This is lower than the total average incoming remittance value of R415 per month, with a standard deviation of 500. In all of the cases in table 5, the standard deviations are relatively large given the average values. When comparing the

outgoing remittance values over the different generations, it seems that those in the Pre-nationalist party generation sent on average higher remittances (R443) than those in the other generations. Regarding incoming remittances, it seems that the average value of remittances received do not differ much by generation. From the table it appears that there is a downward trend in net remittances moving from the older to the younger generations. On closer analysis the F-test reveals that this difference in net-remittances between the different generations is not statistically significant. For both incoming and outgoing remittances the differences between the generations is also not significantly different from each other.

Table 5: Average remittance values (Rand)

	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
Incoming remittances	R 443 (605)	R 331 (326)	R 453 (452)	R 461 (671)	Dropped	R 415 (500)
Outgoing remittances	R 443 (758)	R 276 (236)	R 361 (436)	R 394 (590)	Dropped	R 351 (473)
Nett Remittances	R 72 (821)	R 34 (412)	R 50 (619)	R 15 (765)	Dropped	R 39 (627)

Standard deviations in brackets

Given these levels of incoming and outgoing remittances, it is necessary to look at the contributions of these remittances to total income and expenditure. Table 6 indicates that, for those households receiving remittances, remittance income on average form 23.1% of total income. The standard deviation for remittance income is large due to remittance income forming the major source of income for some households and even being the only source of income for other households. Table 6 also indicates that outgoing remittances form on average 10.2% of total expenditure for those households sending remittances.

Table 6: Incoming (outgoing) remittances as percentage of total income (expenditure)

	%	Standard Dev
Incoming remittances as % of total income	23.1	(24.7)
Outgoing remittances as % of total spending	10.2	(11.1)

The t-test for statistical significance indicated that those households receiving remittances' average monthly income is 31.1% lower than those not receiving remittances. There is also a significant difference in the income of those households sending remittances. On average these households sending remittances' income is 41.5% higher than those not sending remittances.

5. POVERTY RESULTS

The most common method for measuring poverty is by making use of a poverty line. Absolute poverty is measured in terms of such a pre-determined poverty line based on either income or expenditure. Due to expenditure being regarded as more stable than income, it is better to use monthly expenditure for poverty analysis. For the purpose of this study, a poverty line of R250 per person per month (2000 prices) was decided on. This poverty line was also used by Van der Berg & Louw in their study done in 2004 which focussed on the 1995 and 2000 Income and Expenditure Surveys.

For the purpose of this study, the monthly poverty line of R250 per person was inflated by making use of the yearly consumer price index published by Statistics South Africa. In this way a 2004 monthly poverty line of R310 per person was calculated. To make the poverty analyses more accurate, adult equivalence household size was calculated to determine a poverty line for each household. To specify each household's poverty status, these individual household poverty lines were compared to household expenditure levels.

Table 6 summarises average monthly income, average monthly expenditure and poverty status by the different political generations. It was expected that the younger generations would less likely be poor due to them having access to more opportunities than the older generations. Table 6 depicts that 24.7% of the total households are poor. Comparing poverty for the different political generations, and by testing for significance, the results indicated that poverty status by political generations are not significantly different from each other and on average fluctuate around 24% for each generation.

This was surprising since; accept for the freedom generation, an upward trend was noticed in both average monthly income and – expenditure. Although the differences in average income for each generation were not significant, average monthly expenditure

was statistically significant different between each political generation at a one per cent level of significance.

Table 6: Average monthly income, - expenditure and poverty status by political generations

	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
Avg monthly Income	R 3,370 (5153)	R 4,127 (10710)	R 5,466 (10647)	R 5,235 (8498)	R 1,192 (1564)	R 4,788 (9784)
Avg monthly Expenditure	R 3,198 (3553)	R 3,161 (3221)	R 4,632 (6489)	R 4,694 (4762)	R 2,675 (3633)	R 4,070 (5096)
Poverty	24.7%	24.6%	25.2%	22.8%	66.7%	24.7%

Poverty line = R310 per adult equivalent (2004prices)

Standard deviations in brackets

It can therefore be concluded that the younger generations on average earn higher income and results in higher monthly expenditure though poverty levels are relatively on the same level. Although many factors can contribute to these higher income and expenditure levels by the younger generation households, two possible explanations were analysed. The first being migration, followed by educational attainment.

Migration is sometimes seen as a survival and risk diversification strategy ensuring higher levels of income and lower levels of poverty. By comparing poverty status by migration status, the results revealed that there is a statistically significant difference in the levels of poverty for those households migrating from those not migrating. The level of poverty for households who migrated is only 17.1% compared to 29.1% for those households who did not migrate. Although many factors can explain this difference, migration may be regarded as an option to secure higher levels of income and can in fact be regarded as a method to alleviate poverty.

A second explanation for the higher levels of income and expenditure may be the level of education. Table 7 displays the household head's highest level of education. A total of 29.7% of these household heads have no education at all while only 2% of them have some kind of post-matric qualification. When comparing the different political generations, it can be seen that 59.4% of the households in the Pre-Nationalist Party generation have no education, 37.5% of them have some primary education while only 1% has secondary, 1% has matric and 1% has post-matric education. Of the households

in the pre-armed struggle generation, 39.3% have no education, 41.8% have some primary education while 16.1% have secondary education. Only 2.5% of these pre-armed struggle generation household heads have matric and 0.4% has some form of post-matric qualification.

Table 7: Level of education by political generation

Level of Education	Pre-NP	Pre-Armed	1st Armed	2nd Armed	Freedom	Total
None	57	110	89	29	0	285
	59.4%	39.3%	24.5%	13.4%	0.0%	29.7%
	20.0%	38.6%	31.2%	10.2%	0.0%	100.0%
Primary	36	117	143	56	4	356
	37.5%	41.8%	39.4%	25.9%	66.7%	37.0%
	10.1%	32.9%	40.2%	15.7%	1.1%	100.0%
Secondary	1	45	105	89	1	241
	1.0%	16.1%	28.9%	41.2%	16.7%	25.1%
	0.4%	18.7%	43.6%	36.9%	0.4%	100.0%
Matric	1	7	16	35	1	60
	1.0%	2.5%	4.4%	16.2%	16.7%	6.2%
	1.7%	11.7%	26.7%	58.3%	1.7%	100.0%
Post Matric	1	1	10	7	0	19
	1.0%	0.4%	2.8%	3.2%	0.0%	2.0%
	5.3%	5.3%	52.6%	36.8%	0.0%	100.0%
Total	96	280	363	216	6	961
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	10.0%	29.1%	37.8%	22.5%	0.6%	100.0%

Table 7 also shows that, although 24.5% of the household heads in the first-armed struggle generation have no education, 4.4% have matric and 2.8% have a post-matric qualification. In the second-armed struggle generation the picture changes further with only 13.4% of these household heads having no education at all. A total of 41.2% of them have some kind of secondary education while 16.2% have matric and 3.2% have a post-matric qualification. The results show a statistical significant difference in the household heads level of education for the different political generations at a one per cent level of significance.

The conclusion can thus be made that the younger the household head, the more likely this head will have access to education. According to the human capital model, higher

levels of education are associated with higher levels of earnings. These higher levels of education can therefore in fact explain part of the higher levels of incomes and expenditure for the younger households (as indicated in table 6).

6. CONCLUSION

This paper aimed to investigate the changes in migration, remittances and income poverty over the course of South Africa's political transformation period. Data from the 1993 and 2004 waves of the longitudinal KIDS survey were used for this purpose. A political timeline (based on four important historical dates in the South African history) were developed to determine each household head's generation. Cross tabulations were done to analyse any changes in migration, remittances and poverty over these different generations.

Results on the migration status of the households revealed that 21.8% of all the households migrated between the periods 1998 and 2004. Although the freedom generation were limited by the number of observations, they were the most likely to migrate between these periods, followed by the pre-armed struggle generation. It was indicated that migration may in fact be an important survival strategy for the poor via remittance flows.

It was indicated that 23.2% of all the households received some form of remittances which contributed on average 23.1% to total household income. This was compared to the 24.8% of all the households who sent remittances, which formed on average 10.2% of total expenditure. With this analysis it was indicated that more households in the older generations would receive remittances while those in the younger generations would be senders of remittances.

The receiving of remittances are usually related with lower levels of income while those sending remittances are associated with higher levels of income. Analysis revealed that households receiving remittances' income is 31.1% lower than those not receiving remittances, while those sending remittances' income is 41.5% larger than those households not sending remittances. This may indicate that households use migration as a risk diversification and survival strategy to ensure higher levels of income and expenditure which result in lower levels of poverty.

Accept for the freedom generation which was limited by the number of observations, there were significant differences in both income and expenditure between the political generations. As was expected, both income and expenditure by the younger generations were much higher than with the older generations. Average monthly income by the pre-nationalist party generation was only R3370 while it was above R5000 for both the first and second armed generations. Although many factors may explain this difference, migration and education were indicated as possible explanations.

It was showed that poverty levels for households who migrated are much lower than for those households who did not migrate. This may indicate the fact that households use migration as a means to ensure higher levels of income and therefore lower levels of poverty. The same was expected for education. Education is usually associated with higher levels of earnings. This study pointed that there was a statistical significant upward trend in the level of educational attainment by the younger generations' household heads. While 59.4% of the household heads in the pre-nationalist party generation did not have any education, this was only the case for 13.4% of the household heads in the second armed struggle generation. Only 2% of the household heads in the pre-nationalist party generation had some level of secondary or matric education compared to 57.4% in the second armed struggle generation.

This study uniquely displayed changes in migration, remittances and poverty over the course of political transformation in South Africa. Transformation results in the opening of many opportunities, but these opportunities are not always available to the poor. The fact that households who migrated or those who had higher levels of education experienced lower levels of poverty does not mean that all the individuals in the households do not experience poverty. Sometimes poverty is experienced by individuals and not necessarily by the household.

Given the evidence of this study, political transformation in South Africa created many opportunities. Although this can not always be exploited by poor households, it may still be beneficial for them as a group. It can also be concluded that migration can in fact be regarded as a strategy used by the poor to increase their standards of living.

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