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Diasporas, Remittances and State Fragility: Assessing the Linkages

BRANDON LUM, MILANA NIKOLKO, YIAGADEESEN SAMY & DAVID CARMENT

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Abstract The growing prominence of diaspora communities around the world has led to increased recognition of the role they play in the domestic affairs of their respective homelands. Current research in the field of ethnic conflict has begun to focus on transnational ethnic linkages, identifying and analysing a wide range of processes through which they affect political and social outcomes. However, the overall impact of these relationships on civil conflict is still poorly understood. Although existing quantitative research in this area is limited, there is some evidence to suggest that, under certain circumstances, diaspora groups pose a risk to instate security by increasing the probability of civil war. Approaching the issue from a state fragility perspective, this paper challenges the notion that transnational ethnic linkages are primarily detrimental, proposing instead that kin groups with the greatest capacity to mobilize resources are more likely to promote stability. The results of the analysis support this hypothesis, indicating that larger, more geographically concentrated diasporas located in high-income, democratic host states typically have a stabilizing effect on fragile home communities.

Introduction

In recent years, it has become evident that diaspora groups can contribute to both stability and instability in their homelands through remittances and other forms of support (Lyons, 2007; Horst, 2008). The nature of the diaspora–homeland relationship provides the former with an unprecedented authority and capacity to influence the domestic affairs of their home communities. Indeed, today, diaspora remittances outstrip Official Development Assistance (ODA) at the global level.1 However, the basic problem with any fungible resource such as financial investments is that with imperfect information about how and where money should be used, benefits are often distributed indiscriminately at the household level with no easily discernible effect on the political or social networks that make development possible. Compounding the problem is the difficulty of determining the impact of non-material support transferred through kinship linkages in the form of social, political, or human capital. Although several researchers have isolated and analysed specific examples of how transnational ethnic groups can promote peace or aggravate
tensions in individual cases, there is still limited knowledge concerning the general consequences of diaspora behaviour on a global level. Thus, we are left with the essential question: how can we know whether diaspora support is likely to have a positive or negative effect on domestic instability in their homelands?

Previous quantitative studies conducted by Paul Collier & Anke Hoeffler (2004) and Lars-Erik Cederman et al. (2009) have found that under certain circumstances transnational ethnic linkages may contribute to the occurrence, or reoccurrence, of civil war. These results have serious implications for domestic peace and security around the world, and raise further questions given that much of the existing qualitative research on transborder kin relationships emphasizes their role in peace transformation as much if not more so than their potential to incite violence. Focusing on ethnic linkages in the context of civil war also presents issues of generalizability because diaspora communities are fluid entities with evolving priorities over time, and their actions and behaviours are likely to be different in times of peace and war.

The current paper seeks to provide clarity to this discrepancy in the literature by using the perspective of state fragility to demonstrate that diaspora groups generally contribute to homeland stability, while also acknowledging the circumstances under which the opposite may be true. State fragility, broadly defined, is the inability of a governing regime to provide basic services to its citizens owing to a lack of capacity or legitimacy. This concept has the potential to capture a wider range of diaspora influence than civil war because it can be used to measure how diaspora behaviours shape multiple facets of a potential conflict environment, not just the occurrence of violence. Given that the majority of diaspora support is directed towards improving kin welfare at the household level, it is predicted that ethnic linkages will help to fill gaps created by weak governing infrastructures, making conflict less likely.

This argument is developed through the evaluation of large sample macro-level data on fragile states compiled by the Country Indicators for Foreign Policy project (www.carleton.ca/cifp) and a statistical regression model of diaspora resources. The five main predictors of stability that comprise the model are remittances, global population size, geographic concentration, average democracy level of host states and average income level of host states. Transnational ethnic communities with the most available resources to exploit are expected to be associated with the least fragile homelands.

The rest of the paper unfolds as follows. First, contemporary concepts of diaspora linkages found in the literature are discussed, with a particular emphasis on how previous studies have attempted to capture these complex relationships and their impact on conflict. Second, the rationale for why diaspora behaviour is expected to promote homeland stability is presented, along with key hypotheses. Third, drawing on a data set specifically designed to focus on the relationships between diaspora groups and fragile states, the hypotheses are tested and analysed. Finally, the conclusion addresses directions for future research and implications for theory and policy.

Diaspora Linkages in Theory

Diasporas have long been a subject of research in sociology and migration studies, but have only recently garnered significant attention in political science and international affairs. Much of this current trend has been driven by conflict analysis and management, where scholars have recognized how transnational ethnic communities are connected to
civil strife around the world, making them well situated to influence political outcomes (Levitt & Jaworsky, 2007; Smith & Stares, 2007). The growing body of research linking diasporas and conflict is rooted in the academic literature on external involvement in domestic wars. Influential scholars such as Heraclides (1990), Siverson & Starr (1991) and Kaufmann (1996) have explored how and why foreign governments become embroiled in the internal affairs of other states. However, while ethnicity was an important component of this work, transnational ethnic linkages were not a major topic.

International ethnic politics gained increased prominence in later years as it came to the forefront of academic literature. Studies such as those from Davis & Moore (1997) and Saideman (2001) showed that international ethnic politics have a more substantial impact on foreign policy than previously believed. Saideman’s work is particularly noteworthy as he challenged many of the conventional assumptions concerning states’ policy decision-making regarding foreign intervention. Drawing from quantitative data on ethnic clashes during the 1990s and on case studies of the 1960–1963 Congo Crisis, the Nigerian civil war and Yugoslavia’s civil wars, Saideman argued that ethnic ties were among the most crucial determinants of intercession. In a similar vein, Carment et al. (2006) evaluated a structural model of intervention, demonstrating that two domestic factors, institutional constraints and ethnic composition, can have a substantial impact on countries’ decisions to intervene in ethnic conflict. They argued that, when elites face fewer democratic pressures and when there are dominant ethnic groups (who share kin ties with ethnic groups at risk in warring states), they are most likely to become involved in external conflicts. By contrast, states characterized by a diversity of ethnic groups and high democratic constraints are least likely to pursue interventionist policies. In addition, the presence of two enabling conditions in the contested state, ethnic affinity and cleavage, increases the potential for intercession. These ideas have subsequently been picked up by a number of authors, including Jenne (2007) and Saideman & Ayres (2008), among others. In 2004, Lobell and Mauceri released an edited collection of essays that captured the core elements of this research agenda, with its emphasis on high politics, ethnicity and state intervention (Lobell & Mauceri, 2004).

The study of diaspora influence on conflict outcomes was a natural progression from the research on international ethnic politics. The geographic distribution of transnational communities and the corresponding relational networks that tie them together allow members to draw on opportunities and political resources such as affinity, composition, cleavage and institutional constraints to promote their preferred policy outcomes. Transnational kin groups have the capacity to pursue a wide variety of options to influence the domestic political affairs of their host and home countries. This ability to shape substantially domestic politics in both positive and negative ways has led to the development of two distinct, but closely related themes in the diaspora literature.

The first is characterized by efforts to identify and analyse the methods by which transnational ethnic kin serve to intensify or reduce tensions between rival groups in their homelands (see e.g. Shain, 2002; Brinkerhoff, 2006; Smith & Stares, 2007; Orjuela, 2008). Fergal Cochrane’s (2007) article examining the impact of the Irish American diaspora on the violence in Northern Ireland is illustrative of this theme. Focusing on the role of civil society in peace-building, Cochrane (2007) outlines the contradictory approaches of several non-governmental organizations in their attempts to influence the outcome of the conflict. He notes how one Irish American organization provided pro-conflict support through charitable financial contributions and generated political capital for the
Irish Republican Army by garnering international recognition for its actions and objectives. However, lobbying from diaspora groups in the United States was also crucial in reshaping key British social policies in Northern Ireland and inducing the Clinton administration to take an active role in the peace talks. Cochrane ultimately concludes that although greater attention was focused on Irish American fundraising and aid for militant Republicanism, in reality this assistance was significantly outweighed by the efforts in support of the Good Friday Agreement and other peace initiatives.

The diverse and flexible nature of diaspora influence is evident in the work of Yossi Shain & Aharon Barth (2003), who examined how transnational ethnic groups employ identity politics as a policy tool. Grounded in empirical evidence from Armenian and Jewish case studies, the authors describe how displaced ethnic groups manipulate international images to produce an attitude of national solidarity with their home communities. Despite being outside the state, diaspora members actively cultivate an identity that remains inside the people. This feeling of cohesion provides external ethnic kin with greater leverage to influence the foreign policies of their homeland, but the efficacy of this approach is mitigated by the strength of the kin group in relation to the strength of its home nation. Shain and Barth’s work demonstrates that, in the absence of less direct methods of lobbying, external kin groups still have powerful tools to push forward their preferred policy outcomes.

The second theme characterizing the literature revolves around developing strategies for employing diaspora resources for the purpose of conflict transformation (e.g. Lyons, 2004; Zunzer, 2004; Koch, 2006). Zunzer (2004) examined the Sri Lankan Tamil diaspora from this perspective, attempting to identify potential methods of peace-building. Although the Tamil Tigers acquired widespread attention for their violent tactics and proficiency in mobilizing external support for their cause, Zunzer argues that peace advocates from within the Tamil diaspora were relatively successful in curbing some of the Tigers’ aggressive activities. Drawing on observations from Sri Lanka and its transnational ethnic communities, he suggests that a multi-level stakeholder engagement strategy is the most constructive approach to conflict transformation. This process entails identifying key members of both the diaspora and home community, and encouraging these individuals to participate actively in peace-building exercises and development activities in both home and host states.

Although focusing on the negative and positive aspects of transnational ethnic linkages has generated important and useful information concerning the nature and influence of diaspora behaviour, it has also contributed to the problematic trend of characterizing diaspora activities as either good or bad (Baser & Swain, 2009). This binary categorization overgeneralizes the complexity of ethnic communities and their transnational social networks, suggesting that their impact on domestic events and international politics can be explained in a simple formulaic pattern. Diasporas are multifaceted, nebulous and fluid entities with diverse and counterproductive goals that constantly evolve over time. For example, the Sri Lankan Tamil diaspora was widely held as the prototypical example of a high-risk source of aggravation, yet Wolfram Zunzer identifies several examples of how ethnic linkages actively served to reduce tensions. Irrespective of the dominance of a particular faction, kin groups should not be categorized according to the sum of their parts.

The problem of rigid binary categorization is also caused partly by the narrow research agendas that characterize much of the current literature. There has been an excessive focus on individual or small numbers of ethnic communities, many of which have been
repeatedly studied in several different articles. Although there are examples in which a particular faction holds a clearly dominant position throughout the entire diaspora, this is not always true, and examining a small subset of cases can lead to overgeneralizations and inaccurate conclusions that are not applicable to transnational ethnic behaviour as a whole. This bias also limits the reliability and effectiveness of specific policy prescriptions and peace-building strategies generated through this research. What has a demonstrative positive impact in one state or region may not be appropriate in another, which is problematic given the ubiquitous nature of ethnic conflict around the world.

Although quantitative analysis presents an obvious alternative for addressing these research gaps and supplementing the existing wealth of case study material, this methodological approach has been largely avoided owing to the difficult nature of capturing accurate and reliable units of analysis. There are two notable exceptions to this trend. Collier & Hoeffler (2004) published a well-known paper on the significance of greed and grievance in perpetuating civil war. They cite financial contributions from kin groups abroad as a potential profitable opportunity, making rebel groups more likely to engage in violence to achieve their goals. Using a regression analysis to examine empirically 79 wars from 1960 to 1999, the authors determined that opportunities, rather than grievances, are more likely to incite or aggravate conflict. Consistent with their proposed theory, Collier & Hoeffler (2004) reported that countries with large transnational kin communities are six times more likely to experience a reoccurrence of civil war. However, the conclusions drawn from these results have to be approached with caution as only diaspora groups based in the United States were measured as part of the study.

Cederman et al. (2009) addressed a similar research question, attempting to determine whether the presence of ethnic kin groups in contiguous states affected the frequency of civil war. The authors employed an ethnonationalist triadic model to capture the relationship among groups in power, marginalized groups, and their contiguous transnational kin. Examining the occurrence of internal conflict in 60 countries in Northern Africa, Europe and Asia over a 50-year period, the authors found that both geographic (distance from the capital region and type of terrain) and demographic (size of marginalized ethnic groups) factors were predictors of violent conflict. Similarly, contiguous kin linkages increased the probability of war, but only in cases where the pre-existing risk was already high owing to the size of the corresponding marginalized ethnic groups.

Though neither of these studies directly addresses the issue of diaspora influence on a global scale, their results raise serious concerns about the risks that transnational ethnic communities pose for their homelands. Interestingly, this contradicts many other reported findings from the qualitative literature. More specifically, there has been considerable focus on the positive (and negative) implications of economic and human capital flows through transnational linkages in the form of remittances (Ahmed, 2000), foreign direct investment (Gillespie et al., 1999) and knowledge transfer (Prest et al., 2009). This discrepancy highlights the need for additional research, yet efforts to improve the existing literature must move beyond simple changes in investigative methodology. Our current knowledge of transnational ethnic networks is limited to a narrow range of analyses examining specific diaspora activities and/or the direct outcomes of their actions. The next step is to develop a more comprehensive understanding of the diverse effects and long-term impacts that external kin groups can have on their home communities. Incorporating new ideas and concepts from related areas of research can help to achieve this goal.
For this purpose, the rich field of literature on state fragility presents many potential opportunities, providing a valuable source of information that can help to augment the study of ethnic linkages. Previous treatises on state fragility have examined a broad range of political, economic, demographic, social and developmental factors to see how they relate to instability in different contexts (Vallings & Moreno-Torres, 2005). These are many of the same areas in which diaspora groups influence their home communities. Exploring the multifaceted relationship between transnational linkages and diverse elements of homeland societies would enhance the comprehensiveness of diaspora research. Rather than simply examining the effect that external kin groups have on a particular event or individual process, studying these complex ethnic networks through the lens of state fragility makes it possible to analyse how kin groups abroad shape the overall stability of their homelands, creating conditions in which political environments become more or less ripe for conflict. Although it is clear that transnational ethnic groups can play a significant role in the development of civil strife, it is also evident that they are neither a necessary nor a sufficient condition for war to occur. There are several other conflict drivers present in fragile homelands that supersede kinship linkages. Thus, it is useful to explore how diasporas can prime potential conflict situations, making violence more or less likely, because it provides a more nuanced perspective of their engagement in domestic politics. For example, the impact of a transnational kin group may be underestimated if it lobbies aggressively for armed resistance but war does not occur, and vice versa.

Although not perfectly correlated with the occurrence of intrastate war, fragility is a practical analytical tool that can be used effectively to predict conflict. Lacking the capacity to provide basic and essential services to their citizens, fragile states are vulnerable to a wide range of shocks and pressures. Weak political, governance and security institutions make them easy targets for insurgency and rebellion. Yet, in spite of the valuable insights that may be gleaned from studying the connections between diaspora communities and state fragility, research linking the two concepts is almost non-existent. One element of the fragility literature that could have constructive implications for future diaspora research is the numerous academic articles and policy papers that have theorized about the underlying root causes of unstable political environments. This line of enquiry can be used to explore how diaspora activities influence these root causes for the purpose of developing a more complete understanding of the systematic impact of transnational ethnic linkages on instability. Two studies have empirically tested proposed drivers of fragility drawn from the theoretical literature. Carment et al. (2008) found that level of development, economic growth, level of democracy, risk of ethnic rebellion and ethnic diversity are all significant determinants of instability in fragile states. By contrast, Graziella Bertocchi & Andrea Guerzoni (2010) reported that weak institutions were the key determinant of state fragility, with other economic, social and demographic factors playing a relatively minor role. Although these findings are inconsistent, they present a series of variables that future studies can use as a starting point to explore the relationship between ethnic linkages and fragile states.

Projects that attempt to use indicators of fragility to assess countries and map fluctuating patterns of instability around the world also present potentially lucrative research opportunities. One of the most well-known projects is the Fund for Peace’s Failed States Index. Using 12 indicators across three categories (political, economic and social), the Fund for Peace ranks every country in the world from the least to the most stable (Fund for Peace,
The World Bank directs a similar programme, Low Income Countries Under Stress (LICUS), which is often used as a measure of state failure. High-risk countries are organized into four different categories: deterioration; prolonged political crisis or impasse; post-conflict or political transition; and gradual improvement. LICUS differs from the Fund for Peace’s index as it is intended to be a policy tool for poverty reduction by targeting weaknesses in countries’ institutional and governing structures (World Bank, 2006).

Other prominent projects include the Failed States Taskforce and the Marshall-Goldstone fragility index. Although many of these programmes have slightly different goals, their findings are similar and this information can be useful for evaluating the effect of transnational ethnic linkages on fragility. For example, country rankings can highlight particular diaspora communities and/or homelands of interest for future study. This type of data set also facilitates large-scale cross-country analyses, which the current literature is lacking owing to its narrow research focus. Exploring the relationships between fragility indicators and diaspora behaviour may reveal previously unknown social linkages tying disparate communities together.

Thus, the state fragility paradigm presents two key opportunities for future research: identifying how transnational ethnic linkages interact with core drivers of instability, and providing an overarching framework for measuring the magnitude of diaspora impact on fragile homeland communities. The latter approach is applied in the present paper, which seeks to measure the strength of the relationship between availability of diaspora resources and the relative stability of homeland environments. The following section outlines the rationale for this argument, exploring the theoretical linkage between diaspora resources and stability, along with the hypotheses to be tested in the quantitative analysis.

**Diaspora Linkages and State Fragility**

State fragility encompasses a wide range of social, political, economic, cultural, demographic and environmental factors. As in the case of civil war, each of these areas may be strengthened or weakened through the actions of diaspora communities. Yet, the relationship between kinship linkages and core elements of fragility tends to receive little attention because neither component is directly related to conflict. Though they lack the salience of more overt activities such as political lobbying or financing rebels, strengthening stability through improved economic or social development, providing access to better education and increasing the availability of essential services can profoundly influence the underlying environment in which hostile groups interact. Findings from the work of Collier & Hoeffler (2004) and Cederman et al. (2009) may seem to suggest that diaspora linkages undermine homeland stability; however, this generalization is problematic because current theoretical explanations for why diaspora members choose to support a particular type of group remain incomplete. Collier and Hoeffler suggest that diaspora resources provide lucrative opportunities for belligerent groups to achieve their desired objectives, but these same resources are available to groups advocating peaceful agendas. Apart from settling ethnic grievances, which the authors dismiss as the main driver of civil war, there is no clear rationale for why diaspora members would be more disposed to support hostile factions over others. By contrast, there are stronger theoretical linkages between transnational ethnic communities and state fragility.

With considerable attention focused on the positive and negatives aspects of diaspora behaviour, researchers tend to overlook the fact that the majority of material assistance...
is remitted at the household level, without any ulterior motivation to influence political agendas. Many migrant workers travel abroad for the sole purpose of supporting their families, and permanent migrants often retain connections with their homelands in order to improve the living conditions and general welfare of close relatives and friends. The positive benefits of the international flow of private financial remittances on poverty have been clearly documented (e.g. Adams & Page, 2003; de Haas, 2005). These funds allow private households to obtain essential goods and services that cannot otherwise be provided by the state, filling the gaps left by the incapacity of weak governing regimes. This can also translate into better education, training, or employment opportunities, making individuals less liable to use violence to support themselves. In fragile environments, external funds from private sources can serve to buoy local economies, generating beneficial spillover effects even for non-migrant households (Yang & Martinez, 2005). Thus, even neutral diasporic contributions can have the unintended side effect of improving the standard of living of local communities surrounding the receiving households. There is also some evidence to suggest that remittances have the capacity to reduce income inequality (Koechlin & Leon, 2007; Acosta et al., 2008), which can be a critical source of tension in fragile communities.

Assessing the impact of diaspora financing on potential conflict environments presents unique challenges, different from other forms of ethnic linkages. The fungibility of remittances makes it difficult to track how finances are distributed and what they are used for. A donor may not have a particular agenda when originally remitting funds, but this can change once the money reaches its intended recipient. Alternatively, individuals may be misled or deceived into donating to hostile or militant groups that they have no desire to support. In spite of these challenges, it is clear that the combination of peace-building initiatives, community development and non-partisan household contributions together make up a much larger proportion of total global diaspora activities than the aggressive and destabilizing methods of hostile transnational kin groups.

Substantial normative and legal barriers in international politics also hinder the ability of violent belligerent groups to generate backing and support for their causes. Most major international actors, including state governments, international governmental organizations and non-governmental organizations, have implemented policies, laws and regulations specifically intended to impede the use of transnational linkages to sponsor violent and destructive activities for the purpose of achieving politically motivated goals. Security and law-enforcement agencies are tasked with the responsibility of applying anti-money-laundering and terrorist-financing legislation to prevent funds from the proceeds of crime from reaching militant groups. International governmental organizations and non-governmental organizations that lack the capacity to enact binding legislation have been fairly successful in launching public marketing campaigns to advertise the immoral tactics and strategies that some terrorists, insurgents, or rebels have used. In contemporary global society, public image can be a critical factor in success and sympathy for rebellious movements can be severely hampered by associations with unethical tactics such as child abuse, suicide bombing, or sexual violence.

Finally, current theories linking diaspora communities and conflict tend to treat the intentions and attitudes of diaspora members as being fixed. Previous studies have illustrated how divergent elements of a diaspora often have opposing goals, but researchers frequently overlook how the priorities of ethnic groups may shift over time. In most cases diaspora behaviour is reactionary, driven by the conditions and events that occur in a
given homeland. As these circumstances evolve, the nature and type of diaspora support is likely to change as well. This is particularly important with non-partisan migrants who focus on individual household-level remittances. Given the right conditions and pressure, these diaspora members may redirect their resources to back more aggressive parties if their ethnic kin are faced with an increased risk of harm or death due to political instability and/or civil war.

Shifting priorities can partially explain the divergent literature regarding the impact of diaspora linkages on conflict. Transnational ethnic groups that are typically rational, self-serving and neutral may become a driving force of instability if other factors increase the likelihood of civil war. Extreme circumstances also make normative barriers against diaspora aggression less prohibitive, as the close family and friends of diaspora members are faced with greater threats of violence. This is consistent with both Collier and Hoeffler’s and Cederman et al.’s findings, which respectively indicate that transnational ethnic linkages affect the probability of war only when violence has occurred previously or when there is already a high risk of conflict because of a large existing marginalized ethnic group.

Based on the current literature reviewed in the preceding section and the theoretical links between transnational ethnic communities and civil conflict, we present two testable hypotheses. Our first hypothesis proposes that, ceteris paribus, remittances have a stabilizing effect on fragility. We assume that remittances should find their way into more productive ends and make up for the shortfall in state capacity. In brief, extra funding should help states to develop. Our second hypothesis argues that diasporas with the greatest potential to mobilize the most resources are likely to be associated with less fragile homelands. This is similar to the first hypothesis, but here we focus on non-material and indirect determinants of decreasing state fragility. Testing these two hypotheses on fragility and resource mobilization provides a perspective on diaspora and conflict that is different from the previous quantitative studies. Approaching the topic with an alternative research question and incorporating a wider population of global diaspora communities allows us to generate new insights that have not been addressed in the current literature.

Data and Analysis

The quantitative section of our paper is divided into two sections based on our proposed hypotheses. Our reasoning for separating the empirical testing process of the paper into separate sections is twofold. First, remittances provide a testable explanatory variable that presents opportunities that are not available with other possible diaspora variables. Namely, it is a tangible form of support that can be measured directly. By contrast, non-material forms of diaspora support are more difficult to capture in a manner that is both valid and reliable. As a concrete resource, financial transfers between ethnic communities and homelands often comprise the most substantial and salient linkages connecting transnational ethnic communities to their homelands. Second, a preliminary benchmark stage provides context and an introduction to the more complex relationship between theoretical diaspora variables and different characteristics of state stability. There are advantages to keeping quantitative testing procedures as simple as possible, and examining the connection between remittances and fragility with basic correlations provides general insight into the diaspora phenomenon in question.
Remittances and Fragility

In the first testing phase, we make use of remittance data obtained from the World Bank and a fragility index published by the Country Indicators for Foreign Policy (CIFP; see www.carleton.ca/cifp) project for the period 2000–2007. The CIFP fragility index, like others discussed in the literature review, is a research project that ranks countries according to their degrees of fragility. It is very typical for these indices to be highly correlated even if their classification of countries produces very different rankings because of their inherent biases. The CIFP index was chosen because of its extensive coverage across countries and over time when compared with the others. Furthermore, its validity has been tested in earlier work by Carment et al. (2008).7

Our sample is quite diverse, with very fragile countries such as Ethiopia, Haiti and the Sudan, as well as relatively less fragile ones such as Colombia and Peru. There is also a wide range when it comes to remittances received, with countries such as India and Mexico receiving an average of more than US$15 billion annually over the period, whereas several others receive US$100 million or less annually. In terms of percentages of GDP, there are a few countries (e.g. Haiti with over 20% and Yemen with over 10%) that are heavily dependent on remittances, so one would expect their impact on economic and social indicators to be non-negligible.

In what follows, we first consider cross-sectional data averaged over the aforementioned period. We then exploit the temporal aspect of the data by looking at year-on-year changes for each country in the sample. Approximately 10% of the variation in the fragility index is explained by remittances (which are significant at the 1% level), and as can be seen in the first scatter diagram (Figure 1), decreasing fragility is associated with higher remittance

Figure 1. Remittances and fragility
flows. Note that the natural logarithm of remittances is used instead of actual values in order to normalize the distribution and reduce heteroscedasticity. This result is confirmed when lagged values of remittances (over the period 2000–2003) are considered against fragility for the remaining period (2004–2007) in order to reduce the likelihood of endogeneity. Only around 6% of the variation in the fragility index is explained by past values of remittances in this case.

Although the above result appears robust, once income of the home countries is taken into account the impact of remittances on fragility is no longer significant. In particular, simple regressions of fragility on remittances as a share of GDP of the home countries indicate that these flows do not have a significant impact on fragility. Consider, for example, Figure 2, which is a scatter diagram illustrating this relationship. The regression line approximating it is almost flat and regression results (not shown here) indicate that remittances as a share of GDP are not statistically significant. The same result is obtained when lagged values of remittances as a share of GDP are used. Intuitively, these results from the large sample analysis imply that remittances are not important enough as a share of GDP to have a significant effect on fragility.

This does not mean that remittances are not important, but rather that their effects are not clearly identified from the large sample. Looking at year-on-year changes in remittances and fragility over time, that is, growth rates instead of levels of these variables, we find that no clear pattern emerges in the sense that there is hardly any country where the relationship between these two variables is only positive or only negative over time. In other words, the confounding effects for individual countries or across countries make it difficult to

![Figure 2. Remittances (%GDP) and fragility](image-url)
pick up any clear-cut pattern. Table 1 illustrates why it is so challenging to isolate any association between remittances and fragility. The table outlines some of the extreme cases from our sample, demonstrating a fairly even distribution of countries across moderate to high levels of fragility and low to high remittance flows as a proportion of GDP. Thus, it is not possible to tell whether remittances are having a stabilizing or destabilizing effect. Nonetheless, it is obvious that a number of highly fragile states are heavily dependent on remittances to prop up their economies. This suggests that although there is no clearly discernible global relationship between remittances and fragility, finance from co-ethnics abroad does have a substantial impact in certain countries. In the following section we attempt to develop a better understanding of other diaspora factors that drive instability by examining specific components that contribute to a state’s structural integrity.

### Diaspora Resources and Core Elements of Stability

Our baseline analysis demonstrates that a more complex empirical testing procedure is required to capture the relationship between transnational ethnic linkages and state fragility. Addressing this issue in previous research, Lum (2010) proposed a series of variables to be used as a proxy measure of the potential degree of resources that diaspora communities had available to mobilize in support of their kin (see Table 2). We take advantage of these same variables in our current analysis to test whether there is a positive relationship between diasporas and different characteristics of the state in their homelands, explained through three structural elements of fragility, described below. This allows us to expand on the relationship proposed in the benchmark analysis and explore how the characteristics of transnational ethnic linkages are related to the strength or weakness of specific elements in a state’s structural integrity. In general, case studies illustrate how diaspora communities have positive and negative implications for homeland stability, but they provide limited insight into the general impact of these kin groups on states as a whole. In this section, we attempt to uncover a general trend between diaspora resources and the core pillars of regime stability.

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**Table 1. Remittances and fragility country comparisons**

<table>
<thead>
<tr>
<th>Level of fragility</th>
<th>Remittances Low</th>
<th>Remittances High</th>
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<tbody>
<tr>
<td>High</td>
<td>Sudan (7.00, 2.56%)</td>
<td>Somalia (6.96, 30.38%)</td>
</tr>
<tr>
<td></td>
<td>Chad (6.71, 2.09%)</td>
<td>Burundi (6.95, 22.80%)</td>
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<tr>
<td></td>
<td>Côte d’Ivoire (6.45, 1.01%)</td>
<td>Liberia (6.84, 25.83%)</td>
</tr>
<tr>
<td></td>
<td>Ukraine (6.21, 0.74%)</td>
<td>Eritrea (6.84, 37.88%)</td>
</tr>
<tr>
<td></td>
<td>Iran (5.98, 0.68%)</td>
<td>Tajikistan (5.96, 36.48%)</td>
</tr>
<tr>
<td>Moderate</td>
<td>Venezuela (5.11, 0.31%)</td>
<td>Bosnia (5.34, 18.76%)</td>
</tr>
<tr>
<td></td>
<td>Thailand (4.50, 0.91%)</td>
<td>Georgia (5.22, 13.31%)</td>
</tr>
<tr>
<td></td>
<td>Mexico (4.41, 2.92%)</td>
<td>Philippines (5.12, 12.79%)</td>
</tr>
<tr>
<td></td>
<td>Panama (4.27, 1.84%)</td>
<td>Moldova (4.99, 33.82%)</td>
</tr>
<tr>
<td></td>
<td>Israel (4.00, 0.86%)</td>
<td>El Salvador (4.83, 18.19%)</td>
</tr>
</tbody>
</table>

*Note: First value in parentheses is CIFP score, second is remittance flows as a percentage of GDP. Based on 2006 data, the most recent data available for testing purposes.*
The CIFP fragile states methodology is based on the theoretical principle that the stability of a state is a direct outcome of its ability to fulfil three fundamental sovereign functions: enacting binding legislation over its people and providing them with a safe and stable environment (authority); commanding public loyalty to the governing regime and generating domestic support for its policies and legislation (legitimacy); and mobilizing public resources for productive uses (capacity). Failure to serve these three basic purposes will result in a dysfunctional governing body that is more apt to fall into violence and conflict than a properly functioning state. Diasporic contributions may produce differing results, either propping up the incumbent regime or stimulating further degradation.

In order to test this relationship we employ three different ordinary least squares (OLS) regression analyses. The six factors outlined in Table 2 are employed as predictor variables across all three models. The three separate dependent variables are authority, legitimacy and capacity (ALC) scores drawn from the CIFP index. The data set uses the same sample of countries as described in the earlier section on remittances and fragility. The period of observation ranges from 2001 to 2007, and the ALC scores that make up the dependent variables are based on 5-year averages. The data are organized into a single panel with discrete data in annual cross sections with a single year lag to address endogeneity. Table 3 has an overview of summary statistics for all variables that are part of the analysis.

Based on the prevalent theoretical literature, and in line with our previous hypotheses from the benchmark testing phase, we propose that diasporas with greater potential resources to draw upon generally have less fragile homelands. Thus, it is predicted that remittances, size, concentration, host income and host polity will all be associated with a stronger ALC framework. However, previous theoretical and empirical work suggests

### Table 2. Diaspora variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Description</th>
<th>Theoretical link to resource mobilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remittances</td>
<td>Funds remitted expressed as a percentage of GDP</td>
<td>Fungible resource; sending larger amounts of money generally provides donors with greater authority</td>
</tr>
<tr>
<td>Size</td>
<td>Total population of the global diaspora</td>
<td>Allows group members to generate more as well as different kinds of capital, including economic, political, human and social</td>
</tr>
<tr>
<td>Concentration</td>
<td>The number of states that host a diaspora</td>
<td>More social cohesion facilitates greater cooperation between group members; geographic factors make coordination easier</td>
</tr>
<tr>
<td>Host polity</td>
<td>Average host state polity (democracy) score</td>
<td>Diaspora members have greater freedom to organize and protest in democratic societies; can form pressure groups to lobby host government</td>
</tr>
<tr>
<td>Host income</td>
<td>Average host state income level (four-level ordinal scale)</td>
<td>Affluent societies present opportunities for greater wealth accumulation and development of human capital: education, skills, experience</td>
</tr>
<tr>
<td>Refugee flows</td>
<td>Number of refugees fleeing to adjacent diasporas</td>
<td>Produces larger conflict-generated diasporas with psychological and geographical connections to dispute, proximity facilitates contributions to homeland</td>
</tr>
</tbody>
</table>

The CIFP fragile states methodology is based on the theoretical principle that the stability of a state is a direct outcome of its ability to fulfil three fundamental sovereign functions: enacting binding legislation over its people and providing them with a safe and stable environment (authority); commanding public loyalty to the governing regime and generating domestic support for its policies and legislation (legitimacy); and mobilizing public resources for productive uses (capacity). Failure to serve these three basic purposes will result in a dysfunctional governing body that is more apt to fall into violence and conflict than a properly functioning state. Diasporic contributions may produce differing results, either propping up the incumbent regime or stimulating further degradation.
that the association between diaspora variables and stability is not universal. Large refugee
flows into neighboring diasporas are generally indicators of fragile homelands and, by
extension, weak ALC frameworks. Finally, the impact of each predictor variable is
expected to be consistent across all three models. That is to say, all of the proposed dia-
spora resources are believed to affect each component of authority, legitimacy and
capacity in the same way.

Table 4 outlines the results of the three OLS regressions. Note that higher ALC scores
indicate greater fragility, so a positive coefficient implies that the corresponding diaspora
variable is associated with a weak authority, legitimacy and/or capacity framework.

The results of this analysis point to an interesting relationship between diaspora linkages
and the stability of homeland environments. The model statistics in Table 4 show that all

<table>
<thead>
<tr>
<th>Table 4. Diaspora influence and ALC frameworks</th>
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<tbody>
<tr>
<td>Independent variables</td>
</tr>
<tr>
<td>Remittances</td>
</tr>
<tr>
<td>Size</td>
</tr>
<tr>
<td>Concentration</td>
</tr>
<tr>
<td>Host polity</td>
</tr>
<tr>
<td>Host income</td>
</tr>
<tr>
<td>Refugee flows</td>
</tr>
<tr>
<td>Model statistics</td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Model fit</td>
</tr>
<tr>
<td>Adj. $R^2$</td>
</tr>
</tbody>
</table>

Note: Regression coefficients reported as standardized beta values. Figures in parentheses are $t$-values, $m$ Model $F$-values.  
$p < 0.1$, $**p < 0.005$, $***p < 0.001$. 

*Variable calculation based on a single year of data.
three regression models are relatively good fits, with reasonably strong adjusted $R^2$-values ranging from 0.48 to 0.61 and with $p$-values lower than 0.001. The standardized beta values largely confirm our proposition that the availability of potential diaspora resources is connected to less volatile home communities, and almost all the coefficients are statistically significant at the 0.05 level or lower, with the exception of two cases. Size and concentration display quite high magnitudes, followed by host polity and refugee flows, which are moderately strong. The coefficients for remittances and host income are relatively less substantial.

The findings outlined in Table 4 are largely in line with our first proposition, that availability of potential diaspora resources is related to stronger elements of structural integrity in homelands. Additionally, refugee flows performed within expectations, except for the non-significant coefficient with capacity, demonstrating a relationship with greater instability. Finally, the effects of the predictor variables were, for the most part, consistent across all three elements of the ALC framework, generally upholding our third prediction.

The two unexpected results of our findings were related to remittances and concentration. Remittances are associated only with stronger authority, not legitimacy or capacity. One possible explanation is that the financial flows have a stabilizing effect in some countries, allowing the government to enact binding legislation, but the population views the governing regime with less legitimacy as it is privately remitted funds that provide stability rather than the regime itself. The relationship between remittances and reduced capacity could be the result of fungibility, namely governments choosing not to mobilize public resources because private finances are filling in gaps where public services would otherwise be offered. Alternatively, remittances might undermine a government’s capacity if the money is used to fund violent activities or support opposition groups. Finally, regions controlled by weak regimes with low capacity may simply induce higher remittance rates. When examining a global sample of fragile states, it is likely that all three factors contribute to the observed outcome.

Concentration is correlated with strong authority and legitimacy, but not capacity. This situation may arise when ethnic groups from fragile states resettle in more concentrated communities as a result of their close identification with kin and greater social and cultural affinities. Homelands characterized by closely knit, homogenous ethnic groups are probably more inclined to accept the authority and legitimacy of their governments, even if those regimes lack the capacity to provide adequately for their citizens.

The overall outcome of this final testing procedure provides additional empirical support for the importance of diaspora activities in the affairs of their homelands. As with the majority of articles in the current literature, the nature of the relationship is not entirely clear-cut. Based on our finding that separate elements of the ALC framework relate differently to the diaspora variables, it appears that some types of resources have a beneficial effect on one aspect of the framework, but not on another. We suspect that this differing impact may be attributed to varying investments in social capital, which is a subject of our related research. For example, finances and resources that are directed towards consumption activities or the development of individual progress at the household level will not produce the same sustainable results as investing in larger community projects and producing stronger political and social infrastructure. In general, though, our results indicate that the availability of diaspora resources is connected to lower levels of structural instability in fragile homelands. While this is consistent with the theoretical literature on diaspora, it is contrary to previous findings from other quantitative studies.
addressing similar issues. However, the number of these other studies is very limited, which underscores the need for additional research and more robust methods of studying transnational ethnic linkages and their impact on homeland development. Through our quantitative testing procedures, we have demonstrated the complexity of this relationship and the need to identify its diverse and often contradictory outcomes.

Conclusions

The growing prominence of diaspora communities around the world has demonstrated the influence that kin groups can have in both their homelands and host countries. These transnational ethnic linkages affect political, social and economic environments in both positive and negative ways. However, there is no obvious consensus in the current literature on the overall impact of these linkages on fragility. In contrast to previous research, the current study has identified a connection between various diasporas’ ability to mobilize resources and three core elements of their home states’ structural stability. The quantitative results indicate that a diaspora’s size, geographic concentration, and the income level and democratic freedom of its host states are generally associated with higher levels of authority, legitimacy and capacity in the diaspora’s homeland. Interestingly, no global relationship between remittances and fragility was uncovered, though existing case studies suggest that the impact of remittances may be mediated by the nature and degree of political mobilization (or lack thereof) that diaspora members engage in while concurrently remitting finances. To a large extent, the positive impact of remittances depends on the existence of sound government policy designed to enable and encourage diaspora investment in areas of primary importance to the country. Diaspora can serve as a natural bridge into developed countries’ markets; but clearly, when neglected or poorly conceived, government policy can represent a significant barrier to diaspora involvement. In extreme cases, such barriers can provoke opposition to the government among diaspora populations, resulting in destabilizing activities.

This is not to say that remittances have no effect on homelands, as a select number of fragile countries have economies that are heavily dependent on remitted funds. Findings from the quantitative analysis indicate that transnational ethnic linkages have the most beneficial impact on positive homeland development when diasporas mobilize social and economic resources in conjunction with well-organized and effective political efforts in support of a common goal.

The prevailing theoretical literature on diasporas and conflict has had a general tendency to emphasize the positive aspects of co-ethnic activities outside their homelands, but most of these studies have employed qualitative methods focused on a small subset of ethnic communities. The quantitative results outlined in this paper provide additional empirical support for theoretical arguments associating diaspora communities with development and peace movements in their homelands. Having established a reasonably apparent pattern in the efforts of diaspora behaviour in support of peaceful means, the next logical step is to develop a broader theoretical framework for explaining how and why diaspora communities accomplish their goals.

Political actors and policymakers in different host states around the world should consider how they can engage diaspora members as partners and allies when making official contributions to development and/or peace efforts in foreign countries. Although some kin groups will always present a threat or obstacle to peace-building in their homelands, our
findings suggest that relying on transnational kin groups is likely to produce positive, stabilizing results. Finally, policymakers and aid organizations need to work in closer conjunction with diasporas to maximize the efficiency of all groups in order to have the greatest possible positive impact on fragile homelands. If individuals continue to direct the majority of their finances and other resources towards private activities or consumption at the household level, there will be little benefit for long-term sustainable development. While academic research has started to explore how kin groups influence the political process in their host states, we must also consider how host states can reshape the perspectives driving diaspora contributions to homelands.

The field of diaspora research is a rapidly growing area of study, but the current literature suffers from some obvious gaps, which should be addressed in future studies. Qualitative methods are well suited for examining the complex interconnected linkages between ethnic groups across state boundaries, but future research needs to expand its focus beyond the small sample of diaspora communities that have already been studied and focus on the collection of reliable and representative year-over-year data on remittances for a large number of countries. Furthermore, there needs to be a greater emphasis on the concurrent influence of transnational ethnic groups in both their homelands and their host countries, not just one or the other. By their very nature, the activity of diaspora members and organizations in one location typically has ramifications for the other locations to which they are tied.

Quantitative approaches also need to be applied in greater frequency to augment the existing qualitative literature. At present, there have been few attempts to demonstrate the larger effects of transnational kin groups across a wide sample of countries. Those studies that have attempted to identify a general pattern in diaspora behaviour on a global scale have produced conflicting results. Further research is needed to clarify these inconsistent findings. Finally, despite the obvious implications of remitting large sums of money to home states, the connection between remittances and fragility remains imprecise. It is important to understand how and why remittances seem to affect stability significantly only in certain cases, and what potential ramifications might result if these finances were removed from countries that are both highly fragile and heavily dependent on external sources of income. As the size, influence and importance of diaspora communities continue to increase in the future, the connections linking host countries and homelands will only grow deeper and become more complex. Consequently, the research methods employed to analyse this phenomenon need to be comprehensive and thorough in order to understand and explain the evolving nature of diaspora communities and the kinship ties that link them to their home and host states.

Notes
1. For 2010, the Organization for Economic Cooperation and Development reported that donor countries contributed US$130.8 billion in total net ODA, while the World Bank’s Migration and Remittances Factbook for the same year estimated that global remittance flows exceeded US$440 billion, with approximately US$325 billion directed towards developing countries.
2. For a full definition of state fragility, see: www.carleton.ca/cifp (accessed 15 August 2012).
3. The gap is partly due to the disparate approaches, units and levels of analysis used in the study of diaspora. All these elements create primary theoretical restrictions on an understanding of the impact of diaspora support on fragility. Typically there are three levels of analysis that one might want to consider: the individual/household, societal/communal and systemic/national. The individual/household level of analysis
includes theories of migration grounded in classical microeconomic theory, as well as more recent analyses and others that explicitly account for remittance flows and other household-level effects.

4. Consistent with this theme is the work of Prest et al. (2009), who use Jamaican and Haitian case studies to examine diaspora contributions to homeland peace-building, with a particular emphasis on the role of human migration flows. This research focuses on the cyclical relationship between host and homeland, which has positive and negative effects on both countries due to the continual flow of people and reaffirmation of contemporaneous linkages between the interconnected communities.

5. Analyses of Sri Lankan, Somali and Israeli/Palestinian diasporas in particular make up a significant proportion of the literature. Although these cases have provided a wealth of information on the behaviour of transnational ethnic communities, much additional work needs to be done in order to develop a more comprehensive understanding of how different diasporas affect the domestic politics of their homelands.

6. Zunzer discusses how, originally, members of Tamil organizations in Canada preferred to remain independent from political parties in Sri Lanka. This changed when successive waves of immigrants began to take over these organizations until eventually there were almost none left that did not represent the Tamil Tigers.

7. Owing to data limitations on remittances, our sample of countries is restricted to 60 countries. Country selection is broadly representative of low-income countries, those states classified as failed and fragile, middle-income countries, as noted in our discussion. The restrictive factor here is reliable year-over-year data on remittances.

References


