A. ..... Many people every year rack up a big debt for their air plane and travel long distances. They are looking for a promising job to support themselves with money left over that they can send home to their families in developing countries. These remittances exceeded $400 billion last year. It is true that the actual rate per person is only about $200 per month but it all adds up to about triple the amount officially spent on development aid.

B ..... In some of the poorer, unstable or conflict-torn countries, these sums of money are a lifeline – the only salvation for those left behind. The decision to send money home is often inspired by altruism – an unselfish desire to help others. Then again, the cash might simply be an exchange for earlier services rendered by the recipients or it could be intended for investment by the recipients. Often it will be repayment of a loan used to finance the migrant's travel and resettlement.

C ..... At the first sign of trouble, political or financial upheaval, these personal sources of support do not suddenly dry up like official investment monies. Actually, they increase in order to ease the hardship and suffering of the migrants' families and, unlike development aid, which is channelled through government or other official agencies, remittances go straight to those in need. Thus, they serve an insurance role, responding in a countercyclical way to political and economic crises.

D..... This flow of migrant money has a huge economic and social impact on the receiving countries. It provides cash for food, housing and necessities. It funds education and healthcare and contributes towards the upkeep of the elderly. Extra money is sent for special events such as weddings, funerals or urgent medical procedures and other emergencies. Occasionally it becomes the capital for starting up a small enterprise.

E..... Unfortunately, recipients hardly ever receive the full value of the money sent back home because of exorbitant transfer fees. Many money transfer companies and banks operate on a fixed fee, which is unduly harsh for those sending small sums at a time. Others charge a percentage, which varies from around 8% to 20% or more dependent on the recipient country. There are some countries where there is a low fixed charge per transaction; however, these cheaper fees are not applied internationally because of widespread concern over money laundering. Whether this is a genuine fear or just an excuse is hard to say. If the recipients live in a small village somewhere, usually the only option is to obtain their money through the local post office. Regrettably, many governments allow post offices to have an exclusive affiliation with one particular money transfer operator so there is no alternative but to pay the extortionate charge.

F ..... The sums of money being discussed here might seem negligible on an individual basis but they are substantial in totality. If the transfer cost could be reduced to no more than one per cent, that would release another $30 billion dollars annually – approximately the total aid budget of the USA, the largest donor worldwide – directly into the hands of the world's poorest. If this is not practicable, governments could at least acknowledge that small remittances do not come from organised crime networks, and ease regulations accordingly. They should put an end to restrictive alliances between post offices and money transfer operators or at least open up the system to competition. Alternately, a non-government humanitarian organisation, which would have the expertise to navigate the elaborate red tape, could set up a non-profit remittance platform for migrants to send money home for little or no cost.

G .xi... Whilst contemplating the best system for transmission of migrant earnings to the home country, one should consider the fact that migrants often manage to save reasonable amounts of money in their adopted country. More often than not, that money is in the form of bank deposits earning a tiny percentage of interest, none at all or even a negative rate of interest.

H ..... If a developing country or a large charitable society could sell bonds with a guaranteed return of three or four per cent on the premise that the invested money would be used to build infrastructure in that country, there would be a twofold benefit. Migrants would make a financial gain and see their savings put to work in the development of their country of origin. The ideal point of sale for these bonds would be the channel used for money transfers so that, when migrants show up to make their monthly remittance, they could buy bonds as well. Advancing the idea one step further, why not make this transmission hub the conduit for affluent migrants to donate to worthy causes in their homeland so they may share their prosperity with their compatriots on a larger scale?

LIVEWORKSHEETS

Questions 1-7

Reading Passage 1 has seven paragraphs, A–G.

Choose the correct heading for paragraphs B–H from the list of headings below. G is an example

List of Headings

i Stable money sent back home in difficult times

ii Effect of cutback in transaction fees

iii Targeted investments and contributions

iv Remittances for business investment

v How to lower transmission fees

vi Motivations behind remittances

vii Losses incurred during transmission

viii Remittances worth more than official aid

ix How recipients utilise remittances

x Frequency and size of remittances

xi Poor returns on migrant savings

Questions 8–13

Complete the summary below.

Choose NO MORE THAN TWO WORDS from the passage for each answer.

Write your answers in boxes 8–13 on your answer sheet.

Countries are unwilling to enforce lower transaction fees as they are worried about 8……., and villagers lose out when post offices have a special relationship with one particular money transfer agency.

Each remittance might be small but the total cost of remittance fees is huge. Governments should 9…….. on small amounts and end the current post office system or make it more competitive. Another idea would be for a large non-profit association, capable of handling complicated 10…….. to take charge of migrant remittances.

Migrants who send money home are able to save money, too, but it receives little or no interest from 11…… If a country or organisation sold bonds that earned a reasonable rate of interest for the investor, that money could fund the development of homeland 12…… The bonds could be sold at the remittance centre, which could also take donations from 13…….. to fund charitable projects in their home country.

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