The New National Boundaries: Diasporas, Governments and Remittances

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Redefining National Boundaries

• New relationship between LAC and their émigrés
  1. New immigrant demands
  2. Transnational activities
  3. Interest of home countries in benefiting from emigrant resources
  4. Interest of home countries working through HTAs

• Factors influencing the development of this new relationship:
  • Migration and social contracts
  • Remittances
Governmental Outreach

• Citizenship
  • Mexico
  • El Salvador
  • Colombia
  • Dominican Republic

• Institutional Outreach
  • El Salvador (DGACE)
  • Mexico (IME)

• Developmental Partnerships
  • Unidos por la Solidaridad (El Salvador)
  • 3 X 1 Programs (Mexico)
Remittances: The Mexican Case

• Importance of Remittances
  • Individual Level
  • National Level

1. Who is more likely to send Remittances?
   • 80% family member left behind and intend to return home

2. Who is less likely to send Remittances?
   • 90% who do not have a direct family member or does not intend to return home
   • Second Generation Immigrants
Potential Decline

1. Public policies that would increase the probability of establishing the U.S. as permanent home
   • Migrant Amnesty
   • Lack of opportunity: Permanent migration
2. Family reunification
3. Changes in number and characteristics of immigrants
   • The case of Turkey
     • 2003: 4 million lived outside Turkey (50% in Germany)
     • 1985: 1,740 millions
     • 1998: 5,300 millions (year of the Turkish economic crisis)
     • 2003: 1,710 millions
Number and Characteristics of Immigrants

- Turkish population in Germany, still growing but at decreasing rates
- Turkish Immigrant Characteristics
  - 1961-1967: 16% women
  - 1986: 32%
  - 1990s: 40%
- Mexican Immigrant Characteristics
  - 1980-2004: 253,000 persons annually
    - 1980-1984: Lowest average
    - 2000-2004: Highest average
  - From 1985-1989 to 1990-1994: 225%
  - From 1995-1999 to 2000-2004: 21%
- More Mexican Children and Women are Migrating
Purposes: The Case of Mexico

69% of remitters remit for familial purposes. More than one-third of remittances are sent for basic consumption.

31% of remitters remit for familial and collective purposes. A small minority of remittances is sent for productive purposes.

Remittances and Human Development Index (UNDP)

The 10 States that Receive More Remittances Per Capita
The 22 States that Receive Less Remittances Per Capita

The 10 States with Lower Human Development Index 2000 - UNDP
The 22 States with Higher Human Development Index 2000 - UNDP

## Remittances and Poverty

<table>
<thead>
<tr>
<th>Definition of Poverty (Institution)</th>
<th>Remittances Per Capita (Mexico 2004)</th>
<th>Percentage that Remittances Represent in Each Definition of Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>One dollar per person per day Extreme Poverty – World Bank</td>
<td>91 Cents</td>
<td>91 %</td>
</tr>
<tr>
<td>Two dollars per person per day Poverty – World Bank</td>
<td>91 Cents</td>
<td>46 %</td>
</tr>
<tr>
<td>Twelve dollars per person per day Poverty in Mexico – OECD</td>
<td>91 Cents</td>
<td>8 %</td>
</tr>
</tbody>
</table>

Conclusions

- Remittances are a substantial source of income
  - Individual and National Impact

- Remittances and Public Policy
  - Current Account
  - State Obligations
  - Remittances and micro-credit
    - Small amount is sent to finance productive and/or collective projects
  - Remittances and income
    - Not enough to increase income levels above extreme poverty levels