In the last years the reception of remittances by migrant-sending countries has been quantified and well advertised. Many have predicted economic development based on the magnitude of these aggregate figures, leaving aside the fact that new family arrangements, emigration expectations, consumption patterns, and demographic changes impact the prospects for development. This paper shows how remittances create specific transnational socio-economic configurations through linking these places economically and culturally to far destinations that shape the development of immigrant-sending communities. The paper uses multisided ethnographic work conducted during the last seven years in different places of migrant origin and destination. It challenges common assumptions regarding the developmental effect of remittances. It contrasts the hyper-rational, atomistic, and perfectly informed theoretical actors of the neo-classical account with the complex actors who make their decisions on the basis of imperfect information, and the values and meanings constructed within a transnational web of family and community ties.

Keywords: Development, Migration, Remittances, Transnationalism, Transnational Household Economies, Neo-classical Theory, Relational accounts
In the twentieth century workers from Algeria, Turkey, Mexico and many other countries left their households responding to migrant worker programs established in places like France, Germany, Switzerland, and the United States. They developed the explicit goal of gaining higher wages in stronger currencies that would provide an increased purchasing power at home. This phenomenon is understood by some as an international free market of labor with rational actors making cost/benefit analyses taking into account wages abroad and exchange rates before deciding to migrate. But this story misses all the efforts by employers who actively recruited workers in their places of origin and lobbied their government to establish temporal working programs (Durand 2007). Furthermore, once social networks are established abroad, migration becomes a self-perpetuating phenomenon despite the end of formal temporal worker agreements (Massey, Alarcon, Durand, and González 1987; Sayad 2006; Smith 2006; Tilly and Brown 1967). In exchange for working abroad workers with or without guest worker visas send home gifts and money –called remittances in the literature. As a result of remittances the divided families –called here transnational households– may experience a temporal increase in income at the emigrant-sending side. Correspondingly many development actors have shown interest in utilizing remittances to foster economic development and social wellbeing in these communities. But, as this paper points out, before creating policies on how to better distribute these resources, the development official has to assess the complex socio-economic context under which transnational remittance economies exist. One should ask, what are the long term implications for the families and the communities involved in temporal migration as a widespread economic strategy?

Until recently, issues of development had generally been studied as merely a problem of the migrants’ towns or countries of origin while immigration studies tended to concentrate mainly on the effects felt in the receiving society. A number of bi-national, or more appropriately bi-focal analyses [since it is important not to reify the nation-state (Wimmer and Glick Schiller 2002)] is necessary when talking about remittances because if a transnational community was to see a generalized social upward mobility this must happen at least in one end of the network (Smith 2006). Furthermore, the social mechanisms that generate remittances should be similar in different locations. This paper builds upon the methodological advances made by transnational studies, and co-development initiatives like those between the Spanish and Moroccan governments, and looks at issues of development in terms of both sending and receiving contexts. Furthermore, we cannot understand the economic situation of the transnational household economy, defined as a family unit divided between two nations, without conducting a general household accounting exercise that includes both sites of the household.

A closer look at the average household budget of specific transnational families shows the difficulties to save and invest at either side. In most cases, despite the arrival of new capital, the needs of the transnational household are many, and productive investments in the communities of origin are rarely viable since labor exports and consumer imports are almost the only connections to external markets. Under these common conditions it is hard to foresee
positive paths to development of migrant-sending communities. Even relatively large inflows of remittances can only have a limited developmental effect given all the other constraints.

Remittances do result in increased access to food and commodities. This initially justified migration, family separation, personal sacrifice and hard work abroad in the eyes of migrants themselves. But in-depth interviews and data on household budgets also show how often people emigrate with imperfect information (Stiglitz 2008) about their earning, new expenses, and saving potentials. Migrant workers often plan to earn and save enough money to then return. But they consistently underestimate their expenses abroad. This means that they usually find themselves extending their stay since their saving-targets may prove elusive (Piore 1979). As Durand (2007) explains, false information about working conditions and services was part of the “enganche” - the hook - to lure Mexican immigrants north in the early 1900’s; a century later in the 2000’s, social scientists observe the criminalization of migration, the militarization of the border and a decrease in cyclical migration (Massey, Durand, and Malone 2002). The immigrants I interviewed –often undocumented– are not sure whether they want to –or can– return home, thus creating the feeling of living in limbo. This ambiguity impacts the way in which migrants may engage in productive investments and interact with their family and communities of origin.

DATA

Data gathered on income, remittances, savings, and expenditures reveal obstacles to entrepreneurship in the migrant-sending communities since the wages earned by transnational households rarely allow for significant savings or investment (Smith, Castañeda, Franco, and Martino 2004). Furthermore, most migrant sending communities lack linkages to national or foreign markets that could foster entrepreneurial activity. While spending in education rises with remittances, returns to investments in formal education do not always materialize due to the institutionalization of migration practices and since educational credentials have little effect on the hiring and pay of most undocumented workers. So, contrary to the size of aggregate remittances flows, the social organization that gives birth to them is not directly conducive to what is often thought of as economic development.

Between 2003 and 2010, the author studied migration streams between Guerrero, a state in Southwest Mexico¹ and New York City, first as part of a collective effort looking at ways to foster development, and then independently. In 2004 the research team conducted ethnosurveys² of seventy families with members in New York, and of twenty people from this region working in New York. Despite the relatively small n, saturation was reached and the findings are consistent with the result of larger surveys conducted during the same time nationally or in similar regions (Banco de México 2005; Bendixen and Associates 2003; Cohen 2004; Cortina and De la Garza 2004; INEGI 2004). A larger wave of surveys conducted in 2009 by the author shows similar findings. Data also comes from news sources, existing literature, census, participant observation and in-depth interviews with migrants and
key development officials working on remittances in Washington D.C. and in New York City. A similar study was then conducted amongst migrants from Algeria, Morocco and Latin America residing in Barcelona and Paris in 2007 and 2008. Surveys and in-depth interviews conducted in New York in the Spring of 2009 with prototypical Latino, Georgian, and other immigrants back up these findings and increase the generalizability of the findings. The overall sample consists of over 500 ethno-surveys but due to space limitations no overall statistical results are presented here; instead this paper uses stories and vignettes of typical immigrants and towns to nuance unrealistic developmental expectations from remittances and advance a more grounded theoretical approach that can be applied across national cases. This paper reports the most common cases and a few uncommon cases that would seem to contradict the thesis thus avoiding what Uwe Flick (2009) calls ‘selective plausibilization.’

This paper draws on fieldwork on migrant transnational circuits particularly those connecting New York City and southwestern Mexico, Barcelona and northern Morocco, the Paris metropolitan area and northern Algeria. The observed lived conditions which contradict the claims of “developmental experts” and the hopes of those interested in development. Both the ethnographic descriptions of the life experiences of migrants and their families, as well as an analysis of the developmental discourse and its global spread are not dealt in detail here but in a different work by the author. The main purpose of this article is to question the most common assumptions of economic development theories and policies.

**METHODOLOGY**

Ethnographic data presents micro data which when analyzed with the lenses of social theory, can go beyond simplistic assumptions or mere description. This paper compares some of the predictions of a simplified version of neo-classical developmental theory with the economic conditions and social processes of an empirical case in order to qualify and improve existing theories of migration and economic development. This paper uses the negative case methodology (Emigh 1997) because even a single case can demonstrate that remittances do not cause development automatically and that there are other parallel processes at work that may induce or hamper development. While drawing on original research in Europe, North America, and, North Africa the paper draws comparisons with other regions in Mexico that show different signs of development, in order to gain more leverage on the specific mechanisms that cause or hinder development. Furthermore, studies of El Salvador (Davis 2006), India and Pakistan (Ballard 2005), the Philippines (Parreñas 2005), Morocco (McMurray 2001), Algeria (Sayad 2004), and others, show similar dynamics to the ones described here but the authors do not necessarily contrast their findings systematically with the influential policy prescriptions of developmental experts nor with findings from other sites. This paper tests several assumptions of a simplified version of neo-classical development theory regarding the impact of remittances, as it has been implied in many recent studies supported by international developmental organizations such as the World Bank, the International Monetary Fund and the Inter-American Development Bank (e.g. World Bank
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2006). Analyses about the impact of remittances normally fail to take into account the family and social milieu that frame these migratory and remitting experiences.

My research engagement with these issues started in 2003, when I participated in a team project directed by Robert C. Smith and commissioned by a non-profit start up at the School of International and Public Affairs at Columbia University to look at the viability of creating internet cafes and remittance community centers to further connect transnational communities in New York and Southwestern Mexico. The project’s aim was to get a social and economic profile of the immigrant and the financial state of his/her transnational household. As part of this group project I conducted ethno-surveys and participant observation in a remote area of Guerrero, Mexico. Two things besides the intended scope of that report caught my attention 1) the amount of children left behind left by migrant parents and their fascination with us and an imagined New York, 2) the lack of financial education that the family members left behind had. Those surveyed were not *homo economicus* (Bourdieu 2005) since they did not have the mental tools to answer the specific questions about their household budgets. Thus I became very agnostic about the prospects of business creation by migrant households and overall economic development from migrant remittances.

Even though close inspection along with ethnographic studies and previous consensus showed a lack of causal connection between remittances and economic development, lately many scholars, policy researchers and development professionals at international institutions have created a new large consensus around the positive aspects around remittances. A tacit neoliberal agenda could explain this twist in public discourse the literature on expertise and the professions helps to explain this radical change in the framing of remittances [as I explain in a forthcoming piece].

For the past decades, there has been a heated dialectical debate in academic and policy circles about the developmental effects of remittances. Predictions about developmental outlooks set some researchers and policy makers who tend to stress the positive developmental effects of remittances, against those who tend to be pessimistic about the potential of remittances to effect economic development. Overall, those using survey data differ with those using ethnographic data, and the consensus have varied in the previous decades (Alarcón 2000). In fact the debate on the relation between remittances and development has tended to swing back and forth like a pendulum: from developmentalist optimism in the 1950s and 1960s, to structuralist and neo-Marxist pessimism and skepticism over the 1970s and 1980s, to more nuanced views influenced by the new economics of labor migration, “livelihood” approaches and the transnational turn in migration studies in the 1990s. For a few years now however, there has been a remarkable renaissance of optimistic views, in particular in the policy debate, as well as a boom in empirical work on remittances and development.iv

Lately most observers point to the benefits provided by remittances, which often supplement food, clothing, housing, healthcare and education (Alarcón 2000; Banco de México 2005; Bendixen and Associates 2003; Cohen 2004; Cortina and De la Garza 2004;
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Durand, Parrado, and Massey 1996; Goldring 2004; INEGI 2004; Smith, Castañeda, Franco, and Martino 2004) as well as contributions to the national balance of payments. But the indirect consequences of these phenomena are often debated. Disciplinary differences aside, we can locate two main theoretical schools: the neo-classical developmentalist school points to hypothetical benefits, such as multiplying effects, increases in liquidity and greater investments in human capital and productive assets. In contrast, the dependency school points towards the unintended consequences and perverse incentives created by the migration-remittance complex, which create a strong dependency on external labor markets that, in turn, may create permanent underdevelopment and sustain global inequalities.

Despite their opposite conclusions both schools tend to overemphasize the importance of wage differentials and productive investments in producing migration and development respectively, ignoring the social aspects that lead actors to migrate while engaging in practices that reinforce their social ties and increase their status in their community of origin. The reception of a significant amount of remittances into a community depends on high emigration that increases the links, and dependence on foreign labor markets which in turn leads to broad social and economic changes. Nonetheless, we observe neither a complete exodus, nor total dependency, nor automatic local development as some competing theories would suggest. We see, instead, the formation of remittance-economies, communities that are both socially and economically dependent on remittances. By remittance economies we mean societies that are only socially and economically viable due to the income coming from remittances (Smith, Castañeda, Franco, and Martino 2004). Remittance economies represent the emergence of transnational migrant-sending towns caught somewhere along a continuum between dependency and development.

Evidence from migrant populations originating in Guerrero and other Mexican states shows that as a result of engaging in the migration-remittances complex, some transnational households are living in a state of uncertainty that can only be characterized as limbo. Individuals and households are caught between competing dynamics. Research by the author replicates these findings in the context of Algeria/France circuit of migration as analyzed by Pierre Bourdieu and Abdemalek Sayad (Wacquant 2004). Remittances are a temporary economic palliative, which separates families, and decreases care resources at home (see Parreñas 2005, for the same phenomenon in the Philippines). Remittance-led temporal migration creates uncertainty about the future economic conditions and place of residence of the transnational families without necessarily producing economic development in the migrants’ place of origin.

The Developmental School

A widespread version of neo-classical economic theory claims that the free flow of capital, goods and people through market mechanisms generates the most efficient and productive use of scarce economic resources (Borjas 1989). In this model, migration is an equalizing phenomenon that produces people flows from labor-rich areas to labor-scarce areas
through wage-differential and wage-maximization mechanisms (Todaro 1969). It has become “common sense”, among non-experts to say that wage differentials cause labor migration. Migrants move in order to profit from higher wages in a foreign, and generally stronger, currency (Sjaastad 1962). Since the work of Oded Stark in the 1980s, economists have moved toward a household approach toward migration and remittances where not only wages, but capital constraints, credit, insurance, and macroeconomic conditions matter (Stark 1980). While this is an improvement in the analysis, by their very disciplinary character, economists have focused on the economic aspects of migration. But besides an economic aid, remittances are a way to keep family ties and commitments at home (Zelizer and Tilly 2006). Furthermore, besides sending money, migrants also bring about wide cultural changes (Levitt 2001), which affect the cultural and economic context under which development is to occur.

In general, reports published by International Financial Institutions (IFIs) have for the most part espoused a neo-classical view, concentrating on macro-economic consequences and leaving aside migratory, family and social issues. Nonetheless, it is important to note internal debates and exceptions (Narayan and Petesch 2007). The World Bank’s Global Economic Prospects on the Economic Implications of Migration of Remittances (World Bank 2006) makes a comprehensive review of many quantitative and policy papers about the developmental effect of remittances, presenting differing findings and perspectives, hinting in directions that may expand the debate. It acknowledges that “a simple tracking of cash provides an inadequate guide to the welfare implications of the move” (World Bank 2006:118). Nonetheless, it deliberately leaves political and social impacts aside (ibid xi).

Caveats

Besides academic researchers many practitioners and development officials are now very active in the field, and there is an active cross-pollination and even a common language. Economists now often read studies on remittances from other fields, and people from other disciplines have adopted some of the models and assumptions of economists. In the last years, the field of migration studies has seen a shift towards an interdisciplinary approach. But this interdisciplinary has further hidden the epistemological assumptions around a neo-liberal consensual view of remittances in the first years of the twenty-first century. We still have to see if the economic crisis of 2007 ends some of this consensus and starts a new dialectical moment in this old debate on the relation between remittances and development. In any case, the remittance discussing is far from fully embracing a relational account that incorporates the findings of the growing ethnographic studies in a way that goes beyond case specificities and the anthropological caricature of “in my village…”—type of arguments, reaching instead for a general theory that describes processes and mechanisms that are common across historical and geographical cases (Tilly 2010).
AN ALTERNATIVE THEORETICAL MODEL

The many contributions made by neo-classical theories to understand international migration could be enhanced if we exchange some of the basic assumptions with a relational approach (Tilly 2005b), or if we accompany theoretical predictions and mathematical modeling with survey results, and the empirical complexities advanced by ethnographic fieldwork.

Migration is a socially embedded process where social networks form a valuable resource that reduces the costs and risks of migration. Migration from Guerrero to New York has a very important economic component explained by the lack of employment opportunities in La Montaña and other places in rural Mexico and the wage differentials as advanced by the neo-classical school. But migration in undeveloped places like La Montaña is reinforced by emulation and changes in expectations when members of the reference group start migrating and display status-enhancing consumer goods (Levitt 2001). These changes in the social milieu make the decision to migrate an available strategy in one’s social repertoire to increase household income, or sometimes just to ‘keep up with the joneses.’

Table 1 Comparative Set of Theoretical Assumptions

<table>
<thead>
<tr>
<th>Neo-Liberal Account</th>
<th>Relational Account</th>
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<tr>
<td><strong>Actors</strong></td>
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<td>Migration is an individual and rational decision to increase a household’s income by accessing higher wage markets and foreign currency.</td>
<td>Initially migration may happen in order to increase household income by accessing higher wages in distant labor markets, but the decision to migrate is influenced by family and community contexts (Portes and Rumbaut 2006; Tilly 2005a).</td>
</tr>
<tr>
<td>Remittances convey economic information that shows the economic success of a migrant. Thus potential migrants have adequate information about their economic prospects after migration.</td>
<td>Remittances distort the image of the remitters’ standard of life abroad. Furthermore, returning migrants normally tend to present a romantic and heroic picture of their migrant experience (Grasmuck and Pessar 1991; Levitt 2001; Mahler 1995; Sayad 2004).</td>
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**Family and Community Dynamics**

<table>
<thead>
<tr>
<th>Neo-Liberal Account</th>
<th>Relational Account</th>
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<tr>
<td>The relation between income and improvements in social status and wellbeing is a linear one. Thus if remittances increase household income, welfare increases accordingly.</td>
<td>Status and power are relational properties, and beyond absolute poverty, the ratio between increases in income through remittances, and social status depends on the pervasiveness of remittances at the local level. If everyone receives similar amounts of remittances the benefits for a particular household decrease.</td>
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</table>
Changing family structure and dynamics have no major effects on the prospects for economic development. The migration-remittance complex generates no lateral social costs or changes in social relations that could obstruct, undermine, or transform the way in which the assumed developmental mechanisms are supposed to work.

Families receiving remittances must undergo certain non-economic costs such as family separation and the inability to effectively plan trajectories of mobility and residence in the long term. Processes inside families may have important effects that reproduce class standing, low levels of education, and migration patterns (Bourdieu 1984 [1979]; Sayad 2004; Willis 1981).

The remittances invested in human capital will be rewarded by the labor market in either side of the border (Becker 1993 [1964]; Wilson 1993).

Despite growing expenditures on the education of migrant children in the place or origin, children of migrants have a high tendency to migrate themselves. Furthermore, returns to education are low for undocumented migrants who can only access certain labor markets abroad (Massey et al. 1994:717).

### Developmental Mechanisms

<table>
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<tr>
<th><strong>Description</strong></th>
<th><strong>Possible Impacts</strong></th>
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<tr>
<td>Income from wage labor abroad, along with local income, will be enough to cover basic household needs and basic education, while leaving enough money to save and invest in wealth generating activities.</td>
<td>In most cases transnational households have few resources left for saving and productive investments. Even when the net income increases, so does the consumption of items that convey a higher social status, inhibiting savings and investment.</td>
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<td>Remittances will cause multiplier effects in receiving towns because of increased consumption (World Bank 2006:118).</td>
<td>Many of the resources consumed are obtained outside of the communities and therefore the benefits from multiplier effects are reduced.</td>
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<tr>
<td>Successful and diversified economic ventures will be jump-started with remittances.</td>
<td>Opportunities for local entrepreneurship depend on local circumstances.</td>
</tr>
<tr>
<td>Growing economic activity will create new jobs, which in turn will lessen the migratory push.</td>
<td>Migration generates more migration, through emulation, distorted information, social networks and relative deprivation.</td>
</tr>
<tr>
<td>Community development will be the aggregate result of personal entrepreneurship and self-interested efforts.</td>
<td>Migrants are interested in collective activities and their actions can lead to new transnational communities and social change but not necessarily to economic growth.</td>
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Table 1.1 spells out many of the running assumptions of developmental proponents, and contrasts them from insights gained through qualitative engagement with local communities. While the neo-liberal assumptions may seem to materialize in certain cases (Fitzgerald 2009; Massey, Alarcon, Durand, and González 1987), the real causes for this may lay elsewhere: access to urban areas and large markets, capital influx, changes in economic production system, highly-targeted government investments, internal migration, etc. I will describe these theoretical assumptions and contrast them empirical findings in negative cases in more detail in the sections below.
Putting Remittances in their Just Dimension

The Mexican Central Bank counted more than $20 billion U.S. dollars in remittances entering the country in 2005. The magnitude of this aggregate amount causes optimism at first glance since they help the country with its exchange rate and balance of payments, although negatively impacting export sectors. Beyond these macroeconomic consequences, on the microeconomic side we have a myriad of modest transfers between families. Surveys show the characteristics of senders and recipients and the fact that remittances are used mainly for consumption and basic expenses (Bendixen and Associates 2003; Cortina and De la Garza 2004). Yet many times these surveys lack detailed empirical information about specific remittance-receiving communities needed in order to assess the specific mechanisms that may produce or hinder development.

Ethnosurveys and participant observation conducted in 2004 provide descriptive statistics but also detailed and contextual knowledge. According to our purposive sample of undocumented Mexicans working in New York, the average remittance sent was $361, a very similar amount to the national average of $330 estimated by Banco de Mexico (2005). Forty percent of our respondents remit at least ten times per year. Income data from Mexico confirms the great importance of these remittances to Mexican families who often do not earn much money in their communities. Fifty one percent had no household members who earned a steady income in Mexico, meaning that they depend entirely on remittances, extended family and other sources like the informal economy (Gil Martínez de Escobar 2006).

This is not particular to Mexico, but for example an important part of the population of the Republic of Georgia also relies purely on remittances where, according to Georgian interviewees, almost every household in Georgia has a family member or extended family member who lives in the United States or elsewhere and fully supports their relatives.

Subsistence Wage Income versus Entrepreneurial Capital

In general the amount of money that migrants are able to earn, save and send home is modest, thus reducing the possibilities for investment. Most studies on remittances (Alarcón 2000; Banco de México 2005; Bendixen and Associates 2003; Cohen 2004; Cortina and De la Garza 2004; Durand, Parrado, and Massey 1996; Goldring 2004; INEGI 2004; Smith, Castañeda, Franco, and Martino 2004) concur that the bulk of remittances is used as the household’s main source of income to pay for food, clothing, housing, education, and health services, and that relatively little money is left to be saved, or spent in productive investments (see also Hernandez et al. 2005 cited in Gil Martínez de Escobar 2006:156). This can be explained if we analyze the budgets of transnational households, which include: income minus expenses, remittances, and savings, in the United States; and remittances and other forms of income minus expenses, savings and investments, on the Mexican side. In order to assess the possibility of development in the communities of origin through savings and
entrepreneurial investments; we should first analyze in detail the economic realities of the average migrant worker and his/her household.

U.S. Income and Transnational Household Budgets

Respondents from the New York 2004 ethnosurveys reported an average yearly income of $15,482.40. This is consistent with the per capita income level for Mexicans in New York of $15,631 for men and $11,731 for women in 2000 reported by the U.S. Census and the Current Population Survey. The New York Times reports average national earnings of $22,300 for Mexican immigrants, compared to $37,000 for all immigrants, and $45,400 for native-born workers (Lowerstein 2006). The overall 2002-2003 household median after-tax income for the New York metropolitan area was $66,643 with $50,319 in household expenditures (Bureau of Labor Statistics 2003). However, many migrants in our sample had an annual income of $10,153; very close to the $9,573 poverty line for a single individual in 2003 (U.S. Census Bureau's Website 2005). These low incomes are quickly spent both in remittances and in New York.

The average monthly rent reported in our ethno-survey was $588 plus an average of $200 in fixed expenses, constituting around 64 percent of their income. With 30 percent of income sent as remittances there is only around 6 percent left for savings and extra expenses. Because of their low yearly average incomes, recent Mexican undocumented migrants, especially those remitting, live in subsistence conditions, with little time or money left for entrepreneurial activity or emergencies. While this situation is not rare for new immigrants or even for working class individuals, they are far from the entrepreneurial ideal, or the queue systems where hard work is rewarded with upper mobility (Tilly 1998; Tilly 2007a). Given the prevalent income conditions described, little is left for savings and entrepreneurship.

Savings

There is a lack of institutionalized savings and investment practices among transnational families. This is due partly to the lack of access to formal banking but also due to dire economic conditions and cultural aspects. Most migrants do not have banking accounts in Mexico because of the mere lack of banks in rural areas and small towns but also because of a lack of trust, due to previous negative experiences with bank, credit union and cooperative bankruptcies and frauds. Respondents to our 2004 surveys also report not having bank accounts in the United States because of fear and lack of documents due to their immigration status (Smith, Castañeda, Franco, and Martino 2004).

[Figure 1. Around here] [Caption: Bankarization Levels. New York survey 2004]
The data on banking and formal savings practices further confirms the precarious financial situation of most transnational families, especially those who recently arrived. Sixty percent of both our New York and Guerrero sample reported no savings whatsoever whether in the bank or in cash. While our sample size is relatively small, it is consistent with other surveys (Bendixen and Associates 2003; Cortina and De la Garza 2004). In general many studies indicate that around 80 percent of remittances are used in consumption while around 20 percent is saved informally or invested in housing or elsewhere. This is similar to the national saving rates of 20 percent for 2004 in Mexico (Banco de Mexico 2005; INEGI 2004). It would be unrealistic to expect these families to save more than the national average, especially given the transnational household budgets described.

The neo-classical school emphasizes rational savings and investment as the result of an explicit plan (World Bank 2006:125). But when the household receiving remittances is poor, as is commonly the case, savings and investment will naturally be low. Household credit-constraints are high, unless the family remittances flows are considerably large.

Remittance economies like those found in La Montaña, Guerrero are, to a large extent, cash communities because credit is limited or too expensive; most lending occurs between kin and friends. Financial practices in these communities are informal, income is uncertain, and there are no social insurance programs for sickness, unemployment or other emergencies. So contrary to De Soto’s (2003) proposition about the secret to wealth being hidden in a mortgage market, for poor people to ask for mortgages using their land or house as collateral is too risky because of the unstable nature of their financial situation where a sudden change, even if temporal, could prevent them from making their monthly payments and lead to the eventual loss of their property (Mitchell 2007), as has been demonstrated by the recent housing crisis in the United States.
Housing

The neo-classical school sees investments in housing as a clear developmental mechanism. While there is remittance investment in housing in places such as La Montaña, we do not see the same mechanisms related to real estate that we may see in urban areas that have developed real estate markets. In areas like La Montaña people do not tend to rent or sell houses that easily.

When there are no other competing expenses such as medicine or funerals, between 10 and 20 per cent of the remittances are used for housing renovations, expansions and construction. Even though a new market for cross-border mortgages is emerging (Rodríguez 2006) most construction takes place independently and on a piecemeal basis.

There is much construction activity in La Montaña, Guerrero but many times the houses stay unoccupied since the family members migrate or delay coming back (Smith 2006:38). The housing industry produces employment but the houses built do not necessarily turn into investments in tradable goods due to underdeveloped housing markets (Rodríguez 2006). There is ample evidence about important investments of remittances in existing and new housing in the long term, but this may drive up house and land prices (Lopez, 1986 cited in Alarcón, 2000) making it harder for people without early access to remittances to buy real estate, what in turn increases local inequality. Furthermore, the influx of remittances may produce overall price inflation (World Bank 2006:124-125). The same situation is true for Morocco, Algeria, Georgia, Albania, and many other many emigrant sending communities.

Living Day by Day

The composite picture that emerges is compelling. Many migrants earn about $15,000 per year and remit around $350 monthly, plus two extra remittances for Mother’s Day and the end of the year holidays, that is $4,900 a year, or close to 30 percent of an income already stretched to provide basic necessities in New York. Thus, most of these migrants live in a financially precarious situation. Despite working six days a week they barely survive abroad, and send money so that their family can cover their basic necessities.

Maria, a Georgian immigrant living in New York, explained the frustration:

Everybody expects some sort of financial help from you. They think that money grows on trees here. Many of my relatives don’t believe that my family is in a financial crisis. The most upsetting thing is that $300 is not real money for them. They expect more from my family. Why should they have personal bank accounts, when they can just call and request money, and other than that they don’t really care. But if you are a good relative you will find ways to help (New York March, 2009).
She then explains that many Georgian immigrants abroad lack healthcare insurance and they do not go to a doctor because of monetary concerns. They cannot afford to spend money on themselves because they are responsible for many others in their country.

This is not unique to New York. For example, Hondagneu-Sotelo (1994) observes the same situation among Mexican workers in the San Francisco Bay Area. These tight transnational household budgets keep the migrant working in the United States for longer than initially planned; this makes them become increasingly used to life in the U.S. Furthermore, a lack of documents and an increasingly patrolled border make a temporal return home more difficult and costly, thus keeping the migrant in the U.S. for longer periods of time (Massey, Durand, and Malone 2002; Nevins 2002). While political and economic conditions keep the migrant in the U.S. he/she may still be inclined to come back to join family. Thus the person’s status will be uncertain for many years, creating the feeling of living in limbo, until a return or until the family joins him/her in the U.S.

My mother came to the U.S. in 1999. She thought that she would come back to her family in one year, but because of her illegal status and fear that if she would leave the U.S., she would not be able to come back. She changed her plans and decided to bring the whole family to the U.S. It took her 10 years to get the whole family together. I have friends that have not seen their mother or father for 8 or 11 years. There is always some financial problem that you want to solve before going back to your country but you don’t realize how quickly time passes by (Maria, New York March, 2009).

There are a lot of similar cases, when one parent, leaves their own country to support his/her family (Dreby 2010; Nazario 2006). Doing fieldwork in Spain in 2008, I interviewed Carlos while he was taking a lunch break at work. Carlos is a 24 year old from a small village in Peru. He has been living in Madrid for eight months. Like his father, he was a truck driver in Peru. He now works in a VIPs’ diner in downtown Madrid. VIPs is very successful. Nonetheless, the wages it pays are in the range of €900 a month too low for Spanish workers as Carlos told me, “The Spanish people won’t work unless they make €1,300 or more.” So, in order to get workers for their restaurants, VIPs’ recruiting agents would go to Peru, Ecuador, Bolivia, Colombia and Morocco to look for prospective employees, who after some interviews obtain working visas to work legally in Spain. To avoid abuses, working visas in Spain are not tied to a particular employer; Carlos informs me that:

Once in Spain and after some months of hard work at VIPs most migrants leave the company and go to better paid or less demanding jobs. I am one of the few ones to have stayed. Sometimes I am tempted to leave too but despite the lower pay and the long hours I am staying because I have something that is hard to get elsewhere: the security and stability of a long term contract. At VIPs I have a contract for indefinite
time. It is very hard to get fired. I have been offered jobs paying €1,500 and €1,800 Euros a month but the contracts are only for 3 or 6 months. And, what if they throw me out afterwards? That is why I stay at VIPs. And since I have a guaranteed income for many years, I have access to credit in a way that many immigrants, and even some Spanish, do not. For example, I went to the car dealership and a week later I got a new car. I just got it yesterday with zero Euros up front. After three months of working at VIPs I went to the bank with a copy of my contract, my pay stubs, and my immigration papers. I was offered a loan of €20,000, and I took it!

I asked, “How are you going to pay that back?” “I will have to pay €300 per month for the next eight years. I will end up paying €28,800 Euros at the end but that is why I want to stay in Spain, you get many facilidades that I could not get in Peru.” He repeatedly used the Spanish word “facilidades” which could be translated both as credit and as opportunities that could be easily taken, offers one could not refuse. “And what did you do with that money” I asked. “I went back to my country. I bought my parents a car. I got married. And I brought my wife to Spain with me,” he stated happily. “Why did you buy your parents a car? How do they use it?” I asked further clarification on this choice, thinking about the development versus consumption debate around remittances in academia. “Ernesto see, my father is a truck driver like me. Let’s say that he likes ‘the good life’. He will work for a month or two, saves some money and tell my mother, ‘Vieja, here is the money for two months of rent, electricity, and food. Tell me when you need more’. He then stops working for a month or two until the money runs out and then he goes back to work.” Carlos’ father has bare-survival and the enjoyment of free time as his ultimate values. Just a generation later and thanks to migration to Spain, Carlos’ thinking already distinguishes him as a homo economicus (Bourdieu 2005), who has working, saving, and investing i.e. planning for the future as his main rationales for life. He now is trying to change the behavior of his father, as this quote shows:

Before the loan, I used to save and send my parents €400 Euros a month. These remittances allowed my mom to buy more things and allowed my father to stay out of work for longer periods. But when I was there the last time, I asked them whether they wanted to continue receiving some money or if they wanted me to buy them a car so that my father could get some jobs here and there as a taxi driver or transporter when he was not working under contract. They choose the car. So, I bought them the car and now I have stopped sending them money. I clearly could not do both.

I then asked Carlos about the decision to bring his wife to Spain. “I wanted to be close to her and to save on the expensive trips to Peru.” He explained. “Did she get her working visa through VIPs like you?” I asked. “No, she could have but I did not want her to go through the same as me, the hard work, long hours, and stress of working in this busy cafeteria. I prefer for her to work in a more relaxed job or to stay home if we can afford it. So, I used part of the loan to pay €5,000 to an agent to bring her here illegally,” he said. “What does she do here?” I inquired. “She works at a foreign exchange office,” he answered. “Was it is easy for her to get a job?” I asked. “Yes, they know she lacks papers. But that is why they pay her only €600 a month, with no benefits. There are many people who hire people under the table. But if the employers get ‘encariñados contigo’ (if they like you and come to need and depend on you), then they can get you papers,” he said. “Does it happen often?” I asked skeptically. “Yes, you
have to go back to your country and bring the papers to the consulate but yes, I know of many cases of people who have gotten papers like that,” he stated firmly (Interview Madrid 5/2/2008).

From living day to day in Peru, the household has advanced its economic condition, with Carlos’ parents now owning a car and Carlos getting married. But Carlos still lives month to month in order to pay his debts- something not unlike the situation of many workers. On the other hand, buying a car for his father, so that he can work during low trucking-driving seasons, is an example of remittances used in a way to get the recipients out of their dependency on them. At the same time, by getting credit in Spain, Carlos was able to advance his status at home in a very fast pace by doing things that would have taken him years to accomplish if he had to rely only on his savings. His access to work and to papers has put him in line to become an integrated migrant that contributes to the future of Spain and his country of origin. Carlos pays taxes, social security, etc. He told me he is ready to settle in Spain, and he will have children there in four or five years.

This mental accounting of the transnational household economy can be seen more schematically in the table below.

Table 2: Carlos’ Transnational Household Economy before Marriage

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Income</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIPs’ wages</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>Apartment</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Food, transportation, etc.</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Remittances to Peru</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>900</td>
<td>900</td>
</tr>
</tbody>
</table>

Table 3: Carlos’ Transnational Household Economy after Marriage

<table>
<thead>
<tr>
<th>ITEM</th>
<th>Income</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlos’ VIPs wages</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>Wife’s income</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Apartment</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Food, transportation, etc.</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Remittances to Peru</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Loan payment</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>Car loan payment</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,500</td>
<td>1,500</td>
</tr>
</tbody>
</table>

So, even when the stories are more positive, the economic struggles continue in the new place or residents where low skilled immigrants occupy a subordinate position in the labor market and society. And as the case of Carlos shows once immigrants form new families abroad or achieve family reunification remittances to the sending country may abruptly stop.
Multiplying Effects

The developmental school sees remitters as injecting new resources into undeveloped areas, pointing to the observable household expenditures of those receiving remittances. Normally, remittances are quickly put into the market since most of the families need them to pay for basic goods, utilities and rent (Durand et al. 1996:441). Reacting to the dependency school, some authors (Adelman and Taylor, 1992 cited in Durand, Parrado and Massey, 1996) apply econometric models proposing that the increased consumption financed by remittances fosters economic growth through multiplying effects, since those who sell and produce these goods benefit and create new jobs (Durand et al. 1996:440). But Lopez (1986 cited in Massey et al. 1996) found that 83 percent of the remittances received in the town of Gómez Farías, Michoacán was used in consumption and that close to half of these remittances were not spent in local goods and services but in nearby larger cities. Massey et al. (1996) also agree that the bigger cities end up receiving many of these dollars.

In La Montaña, survey participants and informants spoke repeatedly of making shopping trips to larger cities to spend received remittances. In Northern Morocco most expensive objects are bought in the Spanish enclaves of Ceuta and Melilla. Consumer goods with the most value-added, such as electronic appliances and luxury goods, are produced outside migrant-sending communities (Lopez 1986 cited in Massey et al. 1996). So, even though remittances bring resources to the receiving towns, much of the remittances are not spent in local products. Therefore, most of the multiplier effects happen outside these communities (Delgado Wise and Cypher 2005).

Most of the migrant’s income is spent in the host societies. Remittances represent around 30 percent of the low income of migrants in New York (Smith, Castañeda, Franco, and Martino 2004). Therefore most of the expending and multiplying effects related to migrants’ income benefit the United States. According to Delgado Wise (2003), $87 billion were earned by Mexican-born economic agents in the U.S. in 2000 of which only $6.57 billion U.S. dollars were sent as remittances during that same year (Delgado Wise 2003:13-14).

With an estimate of 7 million Mexican migrants in the U.S. labor force, out of the estimated 12 million undocumented workers in the U.S. (Pew Hispanic Center 2006) earning low wages of $15,000 per annum, I calculate earnings of more than $105 billion dollars, of which only $20 billion goes to families in Mexico. Therefore we can see how the multiplying effects and the surplus extracted from labor produce more development at the host communities than at the remittance-receiving ones. As former Mexican Foreign Minister Luis Ernesto Derbez indicated, it would be better for Mexico’s development if this labor force would work in transnational companies in Mexico and $20 billion in profits were sent to the company headquarters in the United States (Migration Conference, NYU May 25th, 2006).ix But leaving these desired outcomes and counterfactuals aside, we must proceed empirically.
The Socio-Economic Context

After the demise of agriculture in places of rural Mexico such as La Montaña, no viable industries have appeared to employ the people who have been displaced from small scale agricultural production. The disappearance of subsistence agriculture has forced peasants to obtain cash to purchase food by engaging in wage labor at home or abroad, which in turn displaces many from agricultural production. Some believe that remittances “ease working capital constraints” on farms and fields (World Bank 2006:117). Nonetheless, in the case of La Montaña, Guerrero there is little evidence of the investing of remittances in agriculture as a priority. Growers and local officials agree that rather than causing investment in agriculture, remittances have diverted many, especially younger generations, from working the land in Mexico (Interviews 2004, 2005).

Business Cloning and Niche Crowding

There are very few examples of productive investments in migrant sending communities. The most business activity occurs in construction, transportation and retail, all in the service sector. The businesses that have grown the most are those tailored to the needs of remittance receivers such as package and money delivery services, currency exchange houses, and new businesses that sell clothes, furniture and household electronic appliances on credit. But these enterprises are limited in number and they are all in the service sector and therefore not productive investments per se.

More common types of businesses started with remittances are taxi services and small grocery stores. These businesses proved profitable in the past, and therefore they have been imitated to the point where now the town of Huamuxtitlan, Guerrero counts many competing fleets of taxis and has a grocery store in almost every corner.

Widespread remittance-migration, as well as business model emulation, is consistent with the theory of “relative deprivation” which states that poverty is always a relative issue. If the reference group becomes more affluent, thanks to remittances, the families that do not receive them will immediately fall behind. This increases the pressure on neighbors and family members to migrate (Massey, Arango, Hugo, Kouaouci, Pellegrino, and Taylor 1994). Migration and remittances work as a way of keeping up with the neighbors (Massey et al. 1994:737-738).

In the same way, if a remittance receiving household opens a successful small business, neighbors will copy the business model until they populate the market so much that they will drive profits down, making these ventures unsustainable. As the President of the Huamuxtitlan Small Business Union disclosed to me (summer 2005), the business models of small grocery owners are weak since instead of buying in bulk directly from the producers or
at wholesale, they buy their products from retailers in neighboring towns or even from each other.

These stores remain open because of their low labor costs since they are normally staffed by the women and children left behind, who use these small store fronts to feel productive but who actually count on remittances to survive. Family members often consume products from their own stores without reimbursing the store. Retail earnings are meager due to the small market and heavy competition while the price for the consumer is often higher than in larger cities.

Exceptions


The common denominator in all these cases is the linkage of the new agricultural and manufacturing micro-enterprises to production chains and industrial centers, which allow these businesses to sell their products easily and with a profit. All these pre-existing structures assisted and amplified the economic impact of remittances and their use as a source of capital for micro-enterprises. Their economic viability and relative stability make entrepreneurial activities preferable to migration. These favorable economic conditions are desirable but not always available.

Many places in Mexico, as in other countries, do not have large employment centers either in national or transnational industries. Unequal regional development, inadequate linkages to national and international markets and other factors outside the migrant’s control make productive investment in places of origin difficult. High out-migration rates make labor scarce and expensive, dissuading labor-intensive activities (Fitzgerald 2009). Given the lack of infrastructure and large investment, it is inappropriate to expect migrants to recreate capitalism in their places of origin. The lack of well paid labor sources is what fosters migration in the first place, creating a vicious cycle where the economic regional context does not make factories or large enterprises viable (Alarcón 2000) since the wages would have to compete with those paid abroad.
Imperfect Information and the Collective Idealization of Migration

Migrants are subject to many dangers but even when they survive the trip, they often find themselves very far from acquiring the wealth they imagined when leaving. First time migrants leave with imperfect information. This happens since information used to decide about migration, comes from the social environment in which migrants are embedded. Returning migrants tend to paint a rosier picture of their days abroad in order to feel successful and to positively compare their status with those who have never worked abroad (Sayad 2004). Thus former and returning migrants have a stake at painting a positive picture and at having others join them. Chain migration and social networks make migration less costly and less risky for prospect migrants (Massey, Alarcon, Durand, and González 1987). This empowers migrants with employment connections in the U.S. Migrants are often asked by employers to recruit or recommend new workers. Migrants typically recommend members of their trust networks (Tilly 2007b) who then become symbolically and economically indebted to them. Sarah Mahler (1995) documents how established migrants often prey and profit from new inexperienced migrants to whom they provide services for a premium.

While most people know that migration is costly and risky, prospective migrants face what Joseph Stiglitz calls imperfect information (Stiglitz 2008). First-time migrants might only possess a mythical knowledge of New York, which many times makes them underestimate the cost of living abroad, and overestimate their income and saving potential. This incomplete information about migration prospects distorts the rational cost/benefit analysis of the homo economicus that neo-classical economic theory assumes. Thus the culture of migration along with imperfect information and tight budgets explain the apparent contradiction found in the fact that Mexican workers continue to migrate to the United States, even when once in the U.S. they continually report wanting to go back home as soon as they save more money. Most migrants interviewed accept that they had no clear idea of what they were really getting into when they left their houses. Despite wanting to go back, my informants explain that they cannot return home “without anything” to make up for their departure since they would be perceived as a failure.

Maria talked about this:

I came to the U.S. in 2004, five years after my mother. She convinced me to join her and mislead me with false information about the U.S. She told me that it would be a great opportunity for my future. Therefore, I quit college in Georgia and came to the U.S. When I arrived, I was very disappointed and upset at her, but I couldn’t go back without anything. The same thing happened to my brother, he just arrived in the U.S. just a couple of months ago after ten long years living without his family. He doesn’t like the U.S. and wants to go back to Georgia. He cannot believe how misinformed he was about real life in the U.S. When I questioned if he was
planning to go back, he looked at me and said ‘I would love to I just don’t want people to think that I am a failure’ (Maria New York, March 2009).

Towns in Georgia, Algeria, or Mexico have a migration folklore, in which peer pressure and imperfect information push many to migrate (Hondagneu-Sotelo, 1994, Cohen 2004, Massey et al. 1987, Mahler 1995, Sayad 2004). Migrants see themselves as temporary target earners aiming to increase the family’s capital (Piore 1979; Portes 1995). Migrants plan to go to the U.S. for some years and save money in order to build a house, buy a taxi, or open a small business back home. But they have little money to save because their incomes are relatively low and their expenses abroad are higher than foreseen. What stays constant is the fact that their family depends on their income and remittances to survive. Remittances and gifts from abroad also appear in order to compensate for the distance.

The sad thing is that people expect gifts. Every time I go to Georgia I feel like a Santa Claus. I bring gifts even for my neighbors and often I have feeling that some gifts are not even appreciated because I am thought of a rich and with money to spare (Maria, New York, March 2009).

Once the family increases its level of consumption of foreign goods such as sneakers and U.S. clothing it is hard to cut back on these expenditures, which in turn complicates a long term business solution to exit from poverty. In this way, what started as a socially available strategy for household income diversification many times ends up in permanent or long term migration (McMurray 2001).

CONCLUSION

As this paper shows remittances often have a very limited developmental effect because once abroad, temporary migrants face higher expenses than expected, making it harder to save and invest. Due to the manner in which undeveloped places like La Montaña are linked to national and global economies, it is hard to foresee paths to development merely through the reception of remittances. In the case of migrant remittance reception in undeveloped poor communities the neo-classical assumptions generally do not apply. When larger developmental projects, urbanization, infrastructure investment, and new industries appear as in the case of the Tequila Industry in Jalisco (Fitzgerald 2009), remittances will have a positive effect by providing capital to start up other economic activities.

The neo-classical mechanisms analyzed fail to account for the complexities observed in sending and receiving migrant communities. Therefore, we should be careful not to extrapolate developmental potentials from remittance flows at the national level, ignoring the fact that remittances keep families dispersed across borders, and that remittances create specific social configurations that interact with local particularities, impacting the prospects for development.
These transnational communities keep many facets of social life suspended, waiting for families to reunite at either side of the border. These communities face a spatial and temporal split that creates uncertain and novel relations between members who are in Mexico and those who are abroad. Members of these communities put their hopes abroad but stay attached to local institutions and identities, important emotional investments, which are as powerful and important as economic investments, and are strong considerations for migrants when making decisions.

Economic development at the emigrant sending areas would be aided by universal legalization since the undocumented migrant is not sure how long he can stay abroad and he/she cannot be sure that there is an economic future or a real point in returning to the country of origin either, the migrant and his/her family live in limbo. This ambiguity privileges strategies of adaptation that distribute risks, and spread connections in two societies, which provides some advantages but also reinforces their marginal condition in both countries, and sustains ambiguity and uncertainty since, in contrast to the cosmopolitan elites, the average migrant household cannot put enough resources into a focused strategy for social mobility in e.g. both Mexico and the United States, leaving part of one’s future contingent on chance events and structural arrangements beyond their direct control.

To conclude, why migrants choose to send remittances, and how much, depends not only on the objective conditions determined by wages and the economic contexts, but also on subjective factors and social dynamics such as whether one’s spouse and kids migrate or not, how many people in one’s locality have left, and how migration has changed expectations regarding masculinity, identity, consumption, life-style, in many cases making remittance-sending itself a morally desired act. Under this relational context, underdevelopment and migration will tend to be self-reinforcing, even if objectively there could be real possibilities for development.

AKNOWLEDGEMENTS

[See footnote 1]

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Living in Limbo

Ernesto Castañeda


U.S. Census Bureau's Website. 2005.


Living in Limbo

Ernesto Castañeda


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1 The area of study covers Huamuxtitlan, Tlapa, Ixcateopan and neighboring towns in the region of La Montaña, Guerrero. This is part of the Mixteca mountain range that also runs through Puebla and Oaxaca.

2 Large scale surveys may reify, impose, or misrepresent units of analysis such as “the household” or “the community” (Gil Martinez 2006). We were very careful to avoid these mistakes in our study by using ethnosurveys, which are detailed and labor-intensive matrices and questionnaires that are accompanied with open ended questions (see Massey et al. 1987: II). The ethnosurveys were an important contribution by Massey, Durand, et al. (1987) to the study of transnational communities using both quantitative and qualitative data to validate results.

3 To secure their anonymity and prevent vulnerabilities, no permanent records of them or their families either in Mexico or New York have been kept. In the same way the developmental officials will remain anonymous since their identification could put their jobs at risk.

4 I thank anonymous reviewers for summarizing these debates succinctly for me.

5 In the beginning of 2006, remittances became the largest source of foreign exchange in Mexico above foreign direct investment, tourism and oil exports, even given the high oil prices (Banco de Mexico cited in La Jornada 8-15-2006). In 2007 oil exports have again surpassed remittance inflows.

6 Nonetheless, Borjas, Chiswick and other economists have a negative view on non-skilled immigration, although critics to their arguments abound (see Alba, 2006; NYT 7/9/2006; Wilson, 2003).

7 Furthermore, they may not be able to collect their few possessions and savings in the United States if suddenly deported.

8 Specifically a VIPs, a famous restaurant/cafeteria chain with restaurants in Mexico and Spain, now owned in Mexico by Wal-Mart, and in Spain by the same people who have a 50% in the stake of all Starbucks franchises in Spain and France.

9 Another counterfactual would be if Mexico had with a strong welfare system on which potential migrants could depend, instead of migrating. Maybe, the best counterfactual would be if these people could find or create employment in their towns of origin.