Family and Collective Remittances to Mexico: A Multi-dimensional Typology

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ABSTRACT

The development potential of remittances has resurfaced as a topic of analysis, based in part on dramatic increases in migration and amounts of money 'sent home', and partly in the growing interest and involvement by states and non-state actors in gaining leverage over remittances. The trend is indicative of an emerging remittance-based component of development and poverty reduction planning. This article uses the case of Mexico to make two broad arguments, one related to the importance of extra-economic dimensions of remittances, particularly the social and political meanings of remittances, and the other based on a disaggregation of remittances into family, collective or community-based, and investment remittances. Key dimensions of this typology include the constellation of remitters, receivers, and mediating institutions; the norms and logic(s) that regulate remittances; the uses of remittances (income versus savings); the social and political meanings of remittances; and the implications of such meanings for various interventions. The author concludes that policy and programme interventions need to recognize the specificity of each remittance type. Existing initiatives to bank the un-banked and reduce transfer costs, for example, are effective for family remittances, but attempts to expand the share of remittances allocated to savings, or to turn community donations into profitable ventures, or small investments into large businesses, are much more complex and require a range of other interventions.

INTRODUCTION

Remittances and debates surrounding their impacts at various levels, from the household to the global, are not new. After lively discussion about whether remittances contributed to development during the 1970s and 1980s, and if so, how, an impasse was reached in the late 1980s and early 1990s. Most analysts agreed that remittances were spent as income, that is, on food, clothing, housing, education, and health services, and that relatively little money was

My ideas regarding the distinction between family and collective remittances were first presented in a paper published in 1999 (Goldring, 1999a). Earlier drafts of this paper were presented at a conference at the Universidad Autónoma de Zacatecas in September, 2001 (Goldring, 2001c), and at the 2001 meeting of the Latin American Studies Association (Goldring, 2001b). It has since benefited from comments from Sarah Gammage, Fernando Lozano, Patricia Landolt, Manuel Orozco, and two anonymous reviewers. Of course, the author is responsible for the contents.

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left over to be spent on so-called 'productive' investments. However, starting in the mid-1990s, interest in remittances resurfaced in several quarters, based on several changes that justify re-examining questions about the impacts of remittances and their relationship to development. These changes include the emergence of community-based or collective remittances and migrant organizations associated with them, and a new set of institutional actors involved with various forms of remittances. These changes warrant the recognition and further analysis of different types of remittances. This can contribute to discussions about the relationship between remittances and various versions or definitions of development, to a refining of theoretical models of remittances, and to enhanced policy interventions. To further this argument, this article will present a typology of remittances. Key dimensions that distinguish different types of remittances include the institutional actors that mediate each type of remittance, and social and political dimensions associated with each type.

The article begins with a short review of recent trends and institutional changes to provide a rationale for yet another article on remittances. I then revisit the earlier debates to reframe the impasse as an unresolved argument about approaches to development. The main part of the article presents a typology of remittances and discusses selected dimensions of the typology. I make three arguments in the course of these discussions. First, the development question may be misplaced: different types of remittances contribute to various aspects of development. This assumes a broad definition of development, one that includes social, community, and political development. Second, economic remittances may have important political and social dimensions, which become clear in the context of examining mediating institutions and opportunities for social and political learning. Recognizing this aspect of remittances should enrich discussions of the remittance–development relationship, and contribute to policies that take the social and the political dimensions explicitly into account. Third, different types of remittances have specific qualities and require specific interventions, and may not be very fungible or amenable to re-classification. This leads to a series of conclusions about each type of remittance.

Mexico is a useful case for this discussion for several reasons. The first is the financial importance of worker or family r remittances circulate. Consequently, it is worth reconsidering debates and assumptions that drive programme and policy interventions related to remittances. A series of inter-related trends and changes are particularly noteworthy. They all rest on the ever-increasing importance of family or worker remittances to the balance of payments of many migrant-exporting countries. This economic trend rests in turn on a range of social and political processes that lead to migration and displacement, including year 2000, over a million households received remittances — 1,252,493 households, or 5.3 per cent of the national total (Tuirán et al., 2001: 20).[6]

Remittances have also become more valuable because of the economic and/or political crises experienced in many migrant-sending countries. Economic crises make remittances more important at the macro level, but also at the household level, as a share of household and family income. Political crises may lead to a confluence of events including political transition and/or reform, constitutional and electoral reform, and potential changes in the structure of opportunities for emigrant political participation in the country of origin. For example, political crises and subsequent transitions may lead to the modification of citizenship or nationality laws affecting the rights of nationals living abroad (Calderón and Martínez, 2002; Itzigsohn, 2000).

Three additional trends distinguish the current context. The first involves migrant organizations and their relationship to various levels of government, and has also led to a diversification in types of remittances. Over the last decade, migrants have been refining existing forms of organization by institutionalizing and expanding the scope of clubs or hometown associations (HTAs) and various umbrella organizations. Their objectives include leveraging funds to carry out projects in their hometowns and gaining negotiating power vis-à-vis political authorities at various levels of government (Bada, 2003; Goldring, 1999a; Moctezuma, 2002; Zabin and Escala, 1998). At the same time, states with high emigration are instituting a series of policies in order to maintain contact with their diasporas and non-resident constituencies.[7] As a result of

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6. This proportion underestimates the importance of remittances because the survey upon which it is based, the National Survey of Household Income and Expenditures (ENIGH), does not capture certain kinds of financial transfers (Corona, 2001: 34). Nevertheless,

migrant organization initiatives and state policies and programmes aimed at migrants, forms of remittances that already existed but were not considered particularly important in economic or political terms, have gained significance. These include so-called ‘collective remittances’ and investor or ‘successful migrant’ remittances or investment. These moneys are not counted as worker remittances by Central Banks. They represent an unspecified but low share of the worker remittances market; nevertheless, they are recognized for extra-economic attributes, particularly the social organization that accompanies collective remittances (Goldring, 1992b, 2002; Torres, 2001) and the potential for further investment by migrant investors (Bate, 2001).[8]

The second trend involves a proliferation in the number of institutions interested in the remittance market. This is based on the phenomenal growth of remittances, which means that there are record profits to be made from remittance transfers and related services. As Guarnizo (2001) so aptly noted, this has modified the traditional relationship between labour and capital. Rather than labour pursuing capital in search of jobs, now we also see capital pursuing workers in an effort to capture a piece of the remittance market. This has led to an increase in the range of institutions

However, times change, and development paradigms and practice change over time (McMichael, 1996).

Contemporary development discourse and policies continue to privilege markets, private investment, trade liberalization and selected private–public partnerships over state funding. State budgets have declined and neoliberal policy prescriptions have led to reductions in state expenditures on social services and infrastructure. However, since the late 1990s, organizations like the OECD (2001) and the World Bank have begun to emphasize the role of a broader set of institutions in development, deploying concepts such as social capital[10] and good governance[11] in an effort to 'get the institutions right'. These trends are not unrelated to the proliferation of institutional actors and initiatives that now aim to improve the use of remittances. In the contemporary context, international financial institutions, multilateral and bilateral organizations, banks, credit unions, various levels of government, private companies, NGOs, and private philanthropic foundations have taken an interest in migrants and their remitting behaviour. Although they do so for different reasons, each has a stake in how migrants send money, how much they send, and what they do with it. This trend is indicative of an emerging remittance-based component in approaches to development and poverty reduction.[12]

DISAGGREGATING MIGRADOLLARS: CONCEPTUAL ANTECEDENTS AND DEBATES

> The problem is that opinions about remittances are made as if these were and meant the same thing in different places and over time (Durand, 1994: 285).

This statement by Jorge Durand, published a decade ago, neatly summarizes the problem with most approaches to conceptualizing remittances and analysing their impacts. Remittances are not a unitary package, nor are they independent of context. Although this has been recognized for some time, the idea of variation within the category of remittances was not able to resolve debates about their development impacts. This section addresses this

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10. See World Bank website, 'Social Capital for Development': http://www.worldbank.org/

problem by reviewing typologies of remittances and associated debates about the development-related impacts of remittances.

Economic Remittances and Beyond

The definition of remittances has been stretched by social science analysts to include elements that are not strictly economic (Vertovec, 2000). For example, Peggy Levitt (1998) used the term social remittances to describe the diffusion of various types of social practices, ideas and values, mainly to migrant-sending areas, which accompany the migration process. Nichols (2002) emphasized the importance of knowledge, skills and technology brought back by returning migrants, which could be called technical or as saving money to buy land or build a home. Third were remittances as capital: this was money saved specifically to invest in a productive venture. According to Durand, 'this [last] possibility has been the most difficult to carry out' (1994: 288) due to constraints imposed by unequal regional development, inadequate foreign trade linkages, and other contextual economic factors that are beyond the control of migrants. Remittances as investment and capital could have a local-level growth impact if they generated jobs and diversified the economy. However, Durand pointed out that having to remain in the United States for a period of time to obtain the dollars necessary to accumulate capital could have a perverse effect: migration could lead to prolonged stays, additional migration and possible settlement. This could reduce interest in investing in Mexico, at least in the short to medium term (ibid.: 299).

Durand's disaggregation of remittances informs most subsequent discussions about the uses, impacts and economic potential of remittances. For example, demographic studies stress the importance of variables such as domestic structure, life cycle, kinship, labour market activity, age-dependency, urbanization, and so forth, to make observations about households that receive remittances, the main uses of these monies, and future projections that take such variables into account (Corona, 2001; Lozano, 1999, 2001; Tuirán et al., 2001). This genre of work makes a number of important points, of which I will only mention three. First, both households that receive remittances and those that do not use almost the same proportion of their income — about 80 per cent — to cover recurrent expenses, leaving less than 20 per cent for other uses. This points to the overwhelming and ongoing significance of remittances as wages or income. Second, remittance-receiving households are not homogeneous, and include at least two groups: those with an absent family member who sends money to support the household, and those with return migrants or permanent emigrants, where a relative who is no longer a central member of the household sends some money to help out, but not to cover all expenses. Corona (2001) concludes that in these two types of households there will be little opportunity to use remittances for productive investments. Third, there are remittance-receiving households without migrants (the migrant is no longer or was never a member of the household), and households with migrants that do not receive remittances (Lozano, 2001). The former receive relatively small amounts of remittance money, while the latter receive none. This scholarship highlights the complexity of the relationships between migration, kinship, remittances, and migrants' economic and labour market status, particularly in regions of 'new' out-migration with less established social networks and labour market contacts. It also underscores the conclusion that in Mexico, remittances are largely used as income, most income is used to cover recurrent expenses and education, and only a small share goes to savings and investments.

Debates on the Uses of Remittances

Discussions about the uses of economic remittances continue to distinguish between remittances as income and remittances as investment or capital. There is now a consensus that the highest share of remittances is spent supporting households' recurrent costs, including education and health (Delgado and Rodríguez, 2001; Suro, 2003; Waller, 2000). That is, the lion's share of remittances is wages or income, while only a small share can be considered to be investment or capital. This finding is consistent with results from research on remittances to other Latin American countries (Suro, 2003) as well as remittance-receiving countries in other regions of the world (MIF and IDB, 2003). In spite of consensus on this point, there are still divergent positions regarding the potential to leverage remittances as investment or capital, as multilateral institutions and government agencies continue to call for improving the use of remittances. These discussions rest on competing definitions of 'productive' and 'development', as well as divergent positions regarding the savings potential of migrants and households that receive remittances (and those that do not receive them).

The different positions can be outlined as follows. There are those, like Alejandro Canales (2000), whose empirical research finds that a large share of remittances are remittances as wages or income, and are used on recurrent household expenditures. He and others conclude that the question of investing remittances — on anything — is severely constrained by the economic hardship faced by most remittance-receiving households (not much surplus) and by the economic context (not many options for investment even if there was surplus income) (Corona, 2001). Other authors point to the difficulties many people face in obtaining credit, marketing problems, lack of basic infrastructure, and other factors that act as disincentives for investing in rural areas (see Waller, 2000). From a more macro perspective, Delgado and Rodríguez (2001) argue that the structure of the Mexican economy impedes development because what it really does is provide cheap labour domestically and abroad, as exported migrant labour. Based on a macro and comparative analysis, Knerr (2004) concludes that remittances do not contribute to economic development at the national level, largely because of inadequate linkages. Despite conducting their analyses at various levels, these analysts focus on the potential of remittance recipients (individuals or households) to turn surplus income into money that can be invested in enterprises that will keep them and perhaps a few others employed, and contribute to growth.

In contrast to this 'negative' view, there are several strands of analysis that offer a somewhat more positive reading. On one hand, there is what we might call the social development argument, namely, that wage or income remittances are in fact 'invested' in human capital by improving nutrition, health and education, and that this investment is a key element in the process of development (Durand, 1988; Durand, Parrado and Massey, 1996; Tuirán, 2002). This idea that part of what we may call remittances as wages is in fact invested, in human capital and social development, rests in turn on a definition of development that is broader than economic growth, employment generation, and increased productivity. Second, there is research that emphasizes the positive (if limited) multiplier effect of remittances in local and regional economies (Durand, Kandel, Parrado and Massey, 1996). Third, there is the incrementalist approach put forward by those who suggest that even relatively small amounts of remittances as investment or capital can have a positive impact, and that as public policies lead to improved institutions and better conditions in rural areas, there will be better opportunities to invest them more wisely (Tuirán, 2002; Tuirán et al., 2001). These more positive perspectives rest on a broader definition of development, but do not focus on structural constraints.

This is not the place for an exhaustive treatment of this debate. Rather, my purpose is to provide a context for current discussions about remittances, particularly collective remittances. By the mid- to late-1990s, debates concerning the relationship between remittances and development had reached an impasse. Most scholars recognized that structural factors constrained the uses of family remittances, both at the micro-level, and at the community and regional levels. However, the social development and incrementalist positions held out hope that remittances might be turned into something other than an economic shock absorber, and that this growing influx of money might contribute to development. To some extent, the two positions were talking past each other because they used different approaches to development.

Collective Remittances and New Government Policies

Toward the mid 1990s, the term ‘collective remittances’ came into use to describe a longstanding practice on the part of migrant organizations (also referred to as Hometown Associations or HTAs), namely, their fundraising and subsequent construction of various projects to benefit their commu-

During the first half of Vicente Fox's administration, several policy changes took effect in the area of migrant and emigrant outreach. Two of these were particularly relevant to remittances. First, government strategies began to distinguish between family and collective remittances. This was evident in policies aimed specifically at family remittances, which included reducing transfer costs and, related to this, initiatives aimed at turning migrants and their families — including the undocumented — into clients of financial institutions. That is, they were aimed at 'banking the un-banked'.

Second, the government expanded its interest in collective remittances. I argue that this interest can be understood as an effort to move beyond the impasse in the debate on the potential for leveraging family remittances for development, and as part of the consolidation of a development model which emphasizes the market and public–private partnerships as arrangements that enable market integration. From this perspective, collective remittances operating in conjunction with government matching grants have become a model of how groups in civil society can invest in infrastructure and productive projects, in this way promoting development and market integration, even if this requires some state support. These programmes signal an acceptance that family remittances (and most individual and family enterprises) cannot provide comprehensive short- or medium-term solutions to development problems. They are consistent with a commitment to market principles because they assume that in the long term, policies involving mechanisms to channel and improve the use of collective remittances will lead to an improvement in economic conditions in poor communities with high out-migration. Although no one believes that collective remittances are a 'magic bullet' for development, government programmes continue to be designed and expanded under the assumption that they can play an important role in local and regional development. This was reflected in Fox's early migrant-related initiatives (see below), in certain welfare and development policies (such as the expansion of the Three for One and its institutionalization within SEDESOL), and early research commissioned by multilateral agencies (CEPAL and the World Bank) to evaluate the potential of collective remittances for basic infrastructure and entrepreneurial projects (Torres, 2001).

Some government initiatives, together with those of financial institutions and multilateral organizations, are consistent with a third type of remittance: investment or entrepreneurial remittances.[15] The short-lived 'adopt a

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15. Although these are not strictly remittances, I include them in the typology for two reasons: first, because the institutional home for these programmes tends to be closely linked to programmes aimed at collective remittances and migrant outreach; second, because the government plays on the emotional and cultural ties people have to their regions of origin, and Mexico more generally, as a motivation to locate this investment in Mexico.

community' programme,[16] the activities of the Mexico Trade Centers, and a new fund to promote enterprise development created with funds from the Inter-American Foundation, a NAFIN (Nacional Financiera) fund,[17] illustrate the government's interest in attracting entrepreneurial remittances. These programmes were designed to attract capital from two kinds of investors: successful Mexican or Mexican-American entrepreneurs, and to a lesser extent, large corporations without Mexican roots that might benefit by making these investments (for instance, as tax write-offs or in publicity). Although it achieved a few headline-making commitments from corpor-

The second half of the Fox administration has witnessed several changes in the government's migrant outreach programmes. OPMEX was closed in July 2002, removing migrant outreach from the Executive branch. This left the bulk of migrant outreach under a restructured Ministry of Foreign Affairs (SRE).[19] Shortly after the OPMEX was closed, the government established the Institute for Mexicans Abroad (IME), under the Ministry of Foreign Affairs. The IME includes a 152-member council of Mexican and Mexican-origin leaders that advises the government on migrant affairs.[20] The Three for One matching funds programme remained under the Ministry of Social Development (SEDESOL), but was renamed 'Iniciativa Ciudadana 3×1', or 'Citizen's Initiative 3 for 1', and was given an explicitly national scope. The updated '3 for 1' criteria for project selection include requirements that organizations generate the demand for project and matching funds, and that projects provide basic infrastructure, services, or employment generation (SEDESOL, 2003a). The programme's website states that projects are to go preferentially to micro-regions with high rates of migration and poverty in order to reduce marginalization (SEDESOL, 2003b).

This discussion has shown that state policies recognize the existence of more than the traditional category of worker or family remittances. However, rather than clarifying the relationship between remittances and development, this multiplication of types of remittances appears to be associated with a common expectation, that each contribute to development. To achieve this goal, family and collective remittances are to be used for 'productive projects', and investment remittances are supposed to create jobs and growth. As the call for more productive use of remittances reveror rent-generating). An important element of the analysis involves taking into account the institutional mediators, mechanisms and policy instruments associated with each type of remittance.

A MULTI-DIMENSIONAL TYPOLOGY OF REMITTANCES

In previous work (Goldring, 1999a), I proposed a series of elements that distinguish three types of economic remittances: family, collective, and entrepreneurial. This typology is presented in Table 1, with certain modifications: here I would like to add a brief discussion of entrepreneurial remittances in order to stimulate discussion, and to contextualize the current discussion which will be limited to five dimensions: (1) the constellation of remitters, receivers, and intermediary institutions; (2) the management of

Table 1. Typology of Remittances/Migrant Earnings

	TYPES OF REMITTANCES

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Control or management of funds; conflict	Beneficiaries or close relatives of senders. Possible conflict between senders and recipients over use.	US-based club; Mexico-based committee; municipal/state/ federal authorities; various government bodies. Possible conflict between senders and mediating actors and institutions.	Investors. Possible role for government authorities.
Logic and purpose	Kinship logic. Money is sent to support or help relatives (and friends). Recipients are usually people one would share resources with if all were living in the same place.	Logic of philanthropy. Money is donated to 'help' a community or a group of needy people; to provide unavailable services or amenities. Profits are not expected.	Market logic. Money is invested to establish a business and derive a profit. Choice of country/region is guided by ethnic/national or similar attachments.

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Uses and functions	Social reproduction (food, clothing, housing), education, health, social services. Less than 20% on capitalization (tools, machinery), credit, or ‘business’ (water fees, wages, etc.). Improving well-being.	Community public works infrastructure (roads, water, electrification), leisure infrastructure (sports fields), gendered projects (rodeo rings), social services (school equipment, old-age homes, ambulance, clinic equipment). Limited employment generation in construction projects. Providing social citizenship benefits/goods/services.	Short or long-term profit, tax write-off; perhaps employment generation, economic development. Profit generation (may have some element of giving back to one’s community or region).
Regulatory framework	Gendered kinship norms (generational), reciprocity, obligations.	Formal or informal rules; formal statutes, formal accords with state and local governments, agency regulations.	International investment and trade regulations. Federal, state and local regulations and financial incentives.
Profit expectations/ Private vs. public good	Individual or family benefit, perhaps profit for family business or agricultural activities. Private good.	Non-profit donation, for community or target-group benefit. Public good.	Profit. Private good.

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Problems, sanctions	Not sending money may lead to social exclusion; not using it properly may lead to gender/generational conflict. Labour market problems in host country may reduce income.	Mishandling money or perception of personal gain leads to group dissolution. Transparency, trust, communication are	

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Forms of development	Human capital (education); poverty alleviation (income source); social development (health, education, nutrition, shelter, overall well-being).	Social development through small- and medium infrastructure (health, water, lighting). Shapes context for economic development: improved transportation, public works, amenities, and other community-level quality of life factors.	Employment generation possible, but limited scope and sustainability due to low wages. Growth potential also dependent on linkages, transportation, marketing, prices, etc.
Direct interventions	Increasing disposable income: reducing transfer costs, more and better alternatives for transferring funds, better financial instruments. Reducing vulnerability by enhancing social welfare services and financial services: improving access to and terms of credit, social security, medical services, employment levels, pro-rural development.	General: develop mechanisms for participatory, democratic, and inclusive planning. Increase participation	

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Feasible development objectives and challenges	Poverty reduction for recipient households; may increase income inequality at community and regional levels. Human development: broader individual and household access to education, health. Need facilities and services. Productive investments: limited by household income and savings. Extremely context-dependent (why invest in irrigation if land is poor or prices are low). Paradox: poor households with no remittances have the greatest need for income-generation projects, but are unlikely to access remittances. Improved use of remittances will not help them.	Improving infrastructure, amenities and selected services. Public goods, 'charities', etc. Making project implementation effective and transparent. Productive investments: limited due to philanthropic rather than profit-based orientation. If donation is driven by home-ties but is not economically sound, problems may develop.	Productive investments: possible, but sustainability of high employment-generating enterprises may be limited by marketing challenges, competition, and labour shortage at low wage levels.

mother, father, son, daughter, sister, brother, aunt, uncle, godparent, godchild, etc., and with claims to varying forms of membership in specific communities, including the locality, transnational community, and nation. Market factors and logics set constraints around this type of remittance, but cultural norms and family logics guide them. That is, sending or not sending money and the amount one sends may be shaped by labour market opportunities and individual and family income management strategies, but failure to send money to one's relatives, especially immediate family, is likely to be interpreted as a form of social as well as economic failure, as a failure to meet one's social obligations.

Mechanisms

Some of the transfer of family remittances or migradollars takes place through migrants themselves, when they bring money or goods, but there are also other transfer mechanisms and institutions (Lozano, 1993), which may or may not be official, may or may not be included in central bank accounting, and may or may not operate under standard financial or other regulations. Most money transfer institutions belong to the private sector, such as banks and money transfer businesses (Western Union and the myriad smaller companies). If there is a public sector institution involved, it might be the US Postal Service, or provincial and state funds that operate more like private enterprises. In the case of extra-official transfer institu-

Social and Political Meaning

Family remittances can be understood as having a social meaning that involves expressions or claims of membership in a family or social network. People send money as part of a social obligation and to affirm their ongoing role as members of a family or social network. The social regulation regime that shapes these exchanges is based on ideologies of kinship, gender, and intergenerational relations, which are in turn part of broader social and cultural processes. The fact that family remittances are embedded in social relations of kinship means that the elasticity of supply of these remittances is relatively low: as long as people have relatives overseas to whom they feel obligated to send money, they will do so. Migrants tend to remit less over time, and much less once their immediate family members have joined them, or relatives living abroad have migrated or died. This is something that transfer companies and governments bank on when they consider the economic value of remittances. However, it also has implications for the political leverage of remittances.

The political meaning or potential of family remittances has been somewhat limited at the level of individual senders and receiving households. However, at an aggregate level, they are gaining weight. Behind some of the recent migrant-oriented initiatives of the Mexican state is the idea, made more or less explicit, that migrants have earned recognition. Migrants deserve public recognition because they are a source of dollars without which the social welfare of many communities — and of the country — would be even more precarious. Although many people do not want to frame this in terms of a quid pro quo, a staff member of the former Office for Mexicans Abroad sal2(ns)626yreM include: reducing transfer costs (see Constance, 2002); regulating the exchange rate offered by transfer companies; promoting competition among companies that provide these and related services; supporting the development of alternative technologies and mechanisms for transferring funds;[24] expanded and improved financial instruments on both sides of the border (housing and other loans, insurance); better geographic coverage for services in both sending and receiving areas; and better access to financial institutions in the US, without regard to legal status. Many of these measures would increase the share of remittances that actually reaches recipient households, thereby increasing their remittances as income.

A number of government initiatives already appear to have taken this kind of analysis into account. One of the current administration's objectives, at least prior to the dissolution of the OPMEX, was to improve migrants' access to financial institutions, regardless of legal status (Hernández, 2002). Pushing for the recognition of the consular 'matrícula' as a valid identification in the US was an important part of this effort, and a fairly successful one. There are now a number of banks that allow immigrants to open accounts without proof of legal status, which reduces their dependence on companies that charge higher fees to remit money (Martínez, 2002; SRE, 2002).[25] The lobbying effort to eliminate the requirement to show proof of residence to obtain a driver's licence, which can also be used to open a bank account, also illustrates this kind of initiative, although this was relatively unsuccessful. These examples are all part of a set of initiatives aimed at promoting the use of financial services offered by banks or credit unions as an alternative to mainstream transfer companies. They allowed government personnel to improve their image by promoting policies that would leave more money at the disposal of migrants, while at the same time providing financial institutions more access to the immigrant market. The push to 'bank the unbanked' remittance senders and recipients is also consistent with the position of international financial institutions such as the IDB (Bate, 2001; IDB, 2001).

The reasoning behind these government initiatives was clearly to improve the terms of family remittance transfers so as to increase the net amount necessarily adding to savings. Raising incomes is a necessary step toward increasing savings, but it does not guarantee savings or specific types of investment. That is, these are appropriate interventions, consistent with the logic and uses of family remittances, but the development impacts of the interventions and the remittances will vary.

Research on the uses of remittances tells us that recipient households spend a portion of remittances on health and education (Canales, 2000). These represent investments in human capital, which also enhance human

telephones); (2) public service infrastructure and capitalization, that is, projects related to education, health and social security (schools, computers, clinics, ambulances, old-age homes, monthly food baskets or allowances for needy groups); (3) recreation and status-related projects (sports fields, rodeo rings); and (4) other community or urbanization projects (multiple-use community halls, plazas, public benches, building façades, historic preservation).

Logic

What distinguishes these projects is the collective benefit or good they provide. In addition to involving collective fund-raising, they imply collective enjoyment and not private use or benefit. This means that, in general, the projects do not allow for individual appropriation of the project or of profits, rents or other benefits associated with it, and use of the project or good is fairly open and universal, at least within the locality.[27] Projects may suffer a host of problems, including poor planning, quality or workmanship, inflation, corruption, and money running out before completion. Issues may also arise regarding responsibility for maintenance. However, once a given project is built, anyone can use it (unless it is not completed properly, user-fees limit access, etc.). Similarly, most of the public service infrastructure, recreation, and other projects can be used by anyone. While they may also run into problems (lack of trained staff, equipment, maintenance, etc.), they are also seen as projects that benefit the community. They are not businesses owned by the migrants who helped to finance them, nor is their enjoyment limited to these donors. A second and related characteristic shared by most of these projects is that migrant participation substitutes for state financial responsibility, at each of the three levels of government (Goldring, 1992b).[28] In many cases, migrants themselves say that it is the government's job, but that if they do not do it themselves, either it will not get done or it will take too long (Alarcón, 2002; Goldring, 1992b, 1998b; Moctezuma, 2000).

27. Of course, there are exceptions and problematic cases, for example, where a person or small group decides to charge admission to a rodeo ring or community hall. If profits are used for individual gain, problems will ensue. However, an alternative is to create a community-managed cost recovery fund for revenues, which can also be used to finance future projects. This was the model used in Las Animas, Zacatecas, where proceeds from the coleadera (a rodeo-like event) were used to repay those who had paid for the animals, and then to build community infrastructure (Goldring, 1992a). Other communities have used similar approaches.

28. Substitution may not be the best way to phrase this, as governments (at various levels) may in fact not have the budget to carry out the projects. However, the existence of cost-sharing programmes certainly provides an incentive to local and state governments for carrying out projects at a reduced cost. These programmes do work to reinforce the idea that the state should not be entirely responsible for providing public infrastructure and services, because they involve private (migrant) donations.

More on Mechanisms

The money that becomes collective remittances finances community projects through various mechanisms. Some groups operate relatively autonomously, while others work with one or more levels of government (Goldring, 2002; Torres, 2001). The case of Zacatecas is fairly well known because of a cost-sharing programme that has operated under several names since 1993 (Delgado and Rodríguez, 2001; Goldring, 1999b; Moctezuma, 2000, 2002).[29] In Zacatecas, between 1993 and 2000, 429 projects were initiated or constructed through the Two for One and Three for One programmes, with a total value of US$ 16,823,670 dollars (Delgado and Rodríguez, 2001: 759). In the rest of this section I focus on the Zacatecan experience because it is the most institutionalized (Goldring, 2002) and the one that the Fox administration planned to replicate by expanding the Three for One programme to the national level (Amador, 2002).

political authorities, and so forth. These problems become increasingly likely with complex projects and when political authorities are involved as mediating institutions, as is the case with cost-sharing programmes.

Mediating Institutions

The experience of working on cost-sharing programmes implies the involvement of government actors and institutions, which often also means the involvement of federal norms or regulations, that is, regulations that are external to the migrant organizations. Entering into contact, and having to negotiate, with the three levels of government in a series of activities related to the planning, construction and follow-up of projects generally leads to an important political and organizational learning process. In turn, this experience may lead to the accumulation of social and political capital for the organizations and their leaders, especially when there is organizational and staff continuity (Goldring, 1998b, 1999b, 2001a, 2002; Moctezuma, 2002). This 'capital' can be used in future negotiations.

Social and Political Meaning

Projects financed with collective remittances through the Two for One and later Three for One have been, on the whole, projects providing collective goods or benefits (Goldring, 1999a; Moctezuma and Rodríguez, 2001). Most are also works that, because of their purpose and characteristics, fall or used to fall under the state's responsibility. This, together with experience acquired by implementing projects, leads me to call collective remittances and projects carried out with them lived examples of social and substantive citizenship.[31] It is social citizenship because it facilitates (or substitutes for) the state's traditional responsibilities in the area of social benefits and welfare, particularly in the case of projects that meet needs in the areas of health, education, social insurance, and transportation and communications (Alarcón, 2002; Goldring, 1998a). It is substantive or de facto citizenship because working on projects involves political participation under conditions in which migrants are not covered by a legal framework that explicitly provides for or acknowledges their full political rights in Mexico (Goldring, 1998a). On the contrary, one could say that the projects represent claims that affirm belonging in their communities of origin as well as membership in the political community of their home municipalities and states, even if it is a de facto membership that has to be practised in order to be made real because it does not exist on paper, and moreover, is ambiguous and contested (Alarco appropriated by a person or small group, unless this is specified in advance. An old-people's home, a food basket (despensa) programme or scholarships can work because the group of beneficiaries is clearly stated in advance, and people consider it a worthy cause: it works like a charitable donation or an act of philanthropy. However, a project that was supposed to be for the community and ends up providing profits to a person or small group is likely to have serious problems. Planning productive projects under the former Two for One was not very successful, in part because of lack of clarity regarding possible profits. There were also other factors involved: for example, an animal fattening project did not have the expected results because the animals that the migrants' relatives received were not the kind they expected, and many died (interview, Manuel de la Cruz, 1977).

In some special cases, productive projects have worked specifically because they were not community projects in the sense of providing collective goods, but rather, projects that used the Two for One framework but were actually more entrepreneurial. In one of the first examples, a group from the municipality of Jerez put up the money to set up a tortilla-making enterprise. In this case, the 'club' was a group of relatives that set up the micro-enterprise to employ a disabled relative (interview with club leader, 1997). It was a charitable and productive project, though not strictly entrepreneurial in that the 'investors' did not expect to make a profit. They just wanted the man and his family to have a way of making a living. In another case, the club 'Campesinos El Remolino' from the municipality of Juchipila put up the money to build the El Ranchito dam. The project was financed through the Two for One and then the Three for One using the club structure, with forty partners or club members investing their money (Moctezuma, 2001; author interview with Agustín Bañuelos, 1998). The project beneficiaries were the partners and/or their relatives in Mexico: they used the water to irrigate their land and water their cattle, keeping any profits from the production. This case looks like a successful productive project, though it may be too early to tell. As Moctezuma (2001) notes, it can also be understood as a migrant and campesino obtain capital for a project with clear benefits, although limited in terms of scope.

Based on experiences such as these in Zacatecas, policy-makers and NGOs should consider the creation of different types of cost-sharing or incentive funds, with different conditions, and appropriate to specific regional contexts. One fund might be for projects that lead to collective goods that local residents consider to be of high priority. These could follow the model of collective good projects, not for productive or rent-seeking purposes, and use a high government share in the cost-sharing formula. Another fund might be aimed at starting co-operatively owned enterprises in suitable environments. These might also involve a government share, but a lower one, since a formula would have to be worked out to pay both the 'investors' and the 'workers'. A third approach would be to establish a fund to encourage entrepreneurial investment, making terms explicit, with preferential credit terms but with a low or non-existent government grant. For this, potential investors would have to consider their investments more carefully based on a market logic, rather than on a donation or charity logic. This proposal would involve expanding the approach to development beyond public–private partnerships aimed at productive rent-seeking activities. More importantly, it would also require a more comprehensive and change if relevant NGOs adopted a more transnational approach to their work, if foundations and other NGO funding sources supported such a move, if government regulations (such as SEDESOL's norms for Three for One) were flexible and allowed for NGO participation, and if migrant organizations became more familiar with NGOs. However, this would require a proactive agenda on the part of NGOs, foundations, and government staff involved with migrants.

Entrepreneurial Remittances

Rationale, Mediating Actors

The NAFIN fund's website is emblematic of the ways that investment remittances are supposed to operate. Although investors are receiving assistance, a market logic is supposed to govern the process in that the investments are supposed to generate profits. Investors send or invest remittances as savings and investment, not income. The investments are regulated by specific programme regulations and incentives, as well as the market. The investor's emotional attachment to Mexico plays a role in the decision to invest in Mexico, but a sound business plan might dictate against locating the investment in his or her hometown. Along the way, the investments are supposed to deliver development in the form of jobs and economic growth.

The idea of attracting migrant investors to invest in small to medium with these remittances, suggests that there may be less room for political leveraging and negotiation associated with entrepreneurial remittances. As such, they may be seen as less problematic by the government.[35]

Direct Interventions

In order to be more effective, entrepreneurial remittance programmes need to be part of broader planning and development strategies. Most of these programmes offer some combination of training, technical assistance, credit, or other incentives. Locating projects in areas that lack infrastructure or qualified workers is not sound financial planning. Migrants' investments need to be accompanied by state investments in infrastructure, education, and health. Unfortunately, raising local wages, which would contribute to local workers' well-being, might make these investments less attractive from a profit perspective. Thus they hold little promise as an element of a sustainable development strategy.

Entrepreneurial remittance programmes began to surface after the initial boom in Hometown Association projects financed by collective remittances. They seem to embody the hope that some of this non-income remittance money might be spent on projects that generate local employment. It is not clear where the current array of programmes will lead or, in particular, how successful migrants will allocate their capital, given that the risk of investing for profit is probably higher for them in Mexico than in the US. They may continue to engage in a combination of options, investing in the US and Mexico, and donating money to hometown projects. Obviously, their decision to invest more in Mexico will depend on the investment climate there.

CONCLUSION

Remittances are not a unitary package, as Jorge Durand (1994) indicated several years ago. There are various ways of disaggregating remittances. One can talk about non-economic remittances, that is, social, technological and technical or political remittances, and within the category of economic remittances, a number of distinctions can be made, for example, based on their use, depending on whether they are spent on recurrent costs (remittances as income), savings, or investment. I have identified key differences between family, collective and entrepreneurial remittances. Family remittances tend to be used to cover recurrent costs (food, clothing, housing) and to substitute for, or improve, household access to public services such as

35. This is an area that deserves further research. The political loss experienced by a wealthy Mexican migrant, the Tomato King (Bakker and Smith, 2003), suggests that wealth does not translate directly into political clout.

health, education, and social security. Thus, they act primarily as a source promoted as a way to meet development needs. In order to better evaluate good to an entrepreneurial project is not a simple process. Nor is it a

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