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Home is Only a Money Transfer Away: Remittances and the Salvadoran Diaspora.

BY Emily Freilich '18

1. Introduction

El Salvador has a long history of emigration, and in particular, emigration to the United States. There are several constant themes throughout the history of the Salvadoran diaspora. Many immigrants leave because of the lack of opportunities and weak government institutions in El Salvador that create a violent and impoverished environment (Interview 1).¹ Immigrants in general would rather be in El Salvador than the US, but the circumstances of inequality and need in El Salvador fuel a culture of emigration to better an individual's life. Along those lines, the Salvadoran diaspora has remained connected to the homeland, especially through remittances. Remittances have always been a constant and important aspect of Salvadoran immigration. The Salvadoran diaspora has a culture of remitting; more than 70% of Salvadorans in the US send remittances (DeSipio 12).

Official remittances currently account for about 16% of El Salvador's GDP and about 16% of Salvadoran families receive remittances (Villacrés 41). Unofficial remittances may make those numbers higher. Remittances are incredibly important to supporting the Salvadoran economy, a fact that has not escaped the notice of the Salvadoran government and immigrants themselves. Because of the importance of remittances to El Salvador, it is essential to understand why immigrants send money and how they use their power, identity, and organization in the US to affect remittances flows. It is also important to investigate how the diaspora positions itself as more than just "money

^{1.} I interviewed three people from Salvadoran hometown associations and Central American immigration support organizations in Los Angeles. They are anonymized for this publication.

machines" (Coutin 55) but also as transnational, engaged citizens. This paper will first investigate the notion of a transnational citizen to explain why Salvadorans remit. It will then explore the development potential or downfall of remittances to conceptualize the effectiveness of the diaspora's actions. Finally, it will look specifically at the efforts of the diaspora and the Salvadoran government to leverage remittances as a tool for development. The diaspora uses remittances to connect with El Salvador and fulfill their responsibilities as family and community members. The culture of remitting instills a sense of economic and moral responsibility in the diaspora that can be channeled towards development. This engagement in turn reinforces the legitimacy of the transnational citizen.

2. Transnationalism: Cross Border Connections

Workers originally migrated around El Salvador and Central America to work in agriculture jobs primarily in coffee, sugar, and cotton (Baker-Cristales).² The first major wave of immigrants to the US came after World War One as workers moved to follow jobs in the shipping channels and ports. The influx concentrated populations of immigrants in cities such as Los Angeles, Washington D.C., and New York City. Immigrants then continued to come to the US looking for job opportunities and to escape political persecution. The largest single wave of immigrants was in the 1980s during the Salvadoran civil war. Salvadoran activists immigrated to the cities with previously established Salvadoran populations. Activists fled political persecution while thousands of other citizens escaped the extreme violence, brutality, and economic hardships associated with the civil war. Though the civil war ended in 1990, the socioeconomic inequality, weak government institutions, and violence persist in the present day. Immigrants continue to come to the US; currently, about one-fourth of Salvadorans live outside of El Salvador. Because of this long history and concentrated populations, the Salvadoran diaspora is well established in the US today.

^{2.} This section draws from Chapter 3: Genesis of Salvadoran Migration to the United States in Salvadoran Migration to Southern California: Redefining El Hermano Lejano by Beth Baker-Cristales.

Due to its high emigration rate, El Salvador is becoming a transnational state. A transnational state is one in which its citizens are not defined by borders but instead by the "multiple ties and interactions linking people or institutions across the borders of nation-states" (Vertovec 447). The concept of the transnational citizen is useful in understanding why and how the Salvadoran diaspora continues to engage with the homeland. Transnationalism is more than merely possessing dual citizenship; it is actively engaging in state and social activities across borders (Marcin 533). Official and private discourses establish El Salvador as a nation without borders. For example, in 2002, the then-vice president Carlos Quintanilla Schmidt said, "El Salvador is no longer only El Salvador with the six and one-half million inhabitants who live in Central America. Today, El Salvador is wherever there is a Salvadoran" (Coutin 57). These discourses centralize the idea that to be Salvadoran is to migrate and that Salvadorans living abroad are more Salvadoran than those in the country because they sacrifice for their country and have more unity and connection to El Salvador (Coutin 56). Immigrants are referred to as hermanos lejanos, or distant brothers, emphasizing that even though they are not physically present, they are still an intimate part of the country. While other diasporas may lose connection to the homeland over time, the constant flow of first generation migrants helps reinforce the strong sentiments towards El Salvador and the strong transnational identity of the diaspora.

The Salvadoran diaspora establishes its place as transnational citizens in the social, political, and economic realms. In the social realm, the diaspora organizes events in the US for Salvadoran holidays, sustains a tourist industry to El Salvador, and is promoted in the media. The main Salvadoran newspaper, *La Prensa Gráfica*, has a section on its website devoted to Salvadorans living abroad called *Departmento 15*. This is a play on geography; El Salvador is divided into 14 departments, so those outside the country make a 15th for the country. Additionally, *La Prensa Gráfica* and another Salvadoran daily, *El Diario de Hoy*, publish editions in the US because immigrants want to read Salvadoran news (Baker-Cristales 77). In the political realm,

Salvadorans have lobbied for voting rights in Salvadoran elections and the Salvadoran government lobbies the US government to provide Salvadorans in the US with Temporary Protected Status to improve their opportunities and ability to engage with the homeland. Finally - and the main focus of this paper - in the economic realm the diaspora sends remittances to support family, friends, and investments.

3. Review of Remittances: Tools for Development?

Remittances can be powerful tools for supporting a weak economy. In El Salvador, where they account for 16.4% of the GDP, remittances support a developing economy by adding money it would not otherwise have. While the recent financial crisis and the weak US economy have taken their toll on the amount sent, remittances are still slowly growing even as other forms of capital have declined. In 2013, remittances were 140% larger than foreign exchange reserves in El Salvador (World Bank 2013). However, although the monetary amount of remittances is large, there is debate about the development potential of remittances. Worldwide, remittances are mainly used for "unproductive" purposes: daily household needs, education, and healthcare. In El Salvador, about 81.7% of remittances are used for immediate household needs while only 9.2% are used for "productive" investments such as purchasing land, opening a small business, or investing in the community (Baker-Cristales 136). These productive uses would help to develop the economy more than using remittances for purely consumption. There is a common perception that remittances lead to laziness, a lack of motivation to work, dependence, and free spending and hence are detrimental to developing economies (Kent 202). Remittances are shown to decrease labor participation and labor income (Funkhouser 5), increasing the image of dependency and laziness. Remittances may also increase real estate rate appreciations and increase volatility (Acosta et al. 87). Moreover, while the influx of money aids those that receive it, remittances are an unequal mode of development; those from towns without migrants or those without migrant family members or family members who remit do not receive the benefits of remittances. Ironically, it is often the poorest populations that do not have the resources to migrate and will therefore not

have external remittance inflows (Baker-Cristales 139). Additionally, there is concern that the external support from remittances allows the Salvadoran government to avoid truly fixing the internal economic issues (Landolt 234).

Kent however, takes issue with the assessment that remittances lead to laziness; she argues that many receivers of remittances are women, children, and the elderly who would not normally work outside the home (203). Remittances are essential to individual quality of life and decrease household poverty. The influx of money increases access to food, education, health care, and investment opportunities such as businesses and land. The money goes directly to those who use it to improve their lives. However, those finding are offset by the acknowledgement that receiving external money may increase dependence on remittances and developed countries (Mitchell 22) and leaves recipients vulnerable to volatility in the sending country (Acosta et al. 183). That said, it is important to keep in mind the importance of remittances to individual families and the potential remittances have for development. Remittances can be a lifeline in times of crisis, as they generally do not decrease in financial crises as foreign aid, national labor markets, and exports decline (Cohen and Sirkeci 15).

4. REALITIES FOR THE DIASPORA: REMITTANCES AS FAMILY LIFELINES

Scholars may debate about the long-term value of remittances, but the diaspora sees the positive impact their remittances have for improving the quality of life for their friends, families, and communities in El Salvador. Regular remittances can be an enormous benefit for families. Sonia, a Salvadoran woman whose mother migrated to the US when she was eight recounted how remittances helped her family survive:

Before she left, when we could, we would eat, and if we couldn't, we didn't, right? But then, since there were five of us, when she went to work over there [in the United States], she sent us money, but it was just a little bit, right? But it was enough for school and food. We didn't dress well or anything, we just recycled the same clothes over and over, right? So, but yes, there was always money for food and for school... Every month she would send \$150 (Abrego 141).

While the amount and frequency of remittances is extremely variable across households with some receiving regular remittances and others receiving none, as a whole, those receiving remittances generally have lower poverty levels than average. In this way, remittances are pragmatic, a necessary economic benefit to families to be able to buy food, pay for education, or invest. However, social ties and a desire for connection and involvement in El Salvador also motivate the senders. In their interviews with Salvadoran migrants in New Jersey, Bailey et al. found that remitters and transnational citizens were "riddled with social obligations motivated by the guilt and responsibility felt by many... who wanted to do more for those 'left behind'" (134). Remittances are a way to continue to connect to the homeland and fulfill the expected and desired responsibilities of migrants to their families and communities.

Remittances serve to extend the migrant household into a transnational family. Separated families can maintain unity through money transfers. Patterns of sending overall reflect Salvadoran family structures. This is seen in indicators of who remits the most; those with family in El Salvador, especially those with minor children, remit more than those who do not have close family in El Salvador (Funkhouser 141). Additionally, in the age of migration, women have become the heads of households in El Salvador as men migrate to work in agriculture. When women immigrate to the United States, they remit more than their male counterparts. This imbalance speaks to the gender expectations and different ways of connecting to family and to the homeland. Salvadoran gender norms make women the caretakers of the household and thus more connected to their children and families than men are (Abrego 10). The result is that women in general feel the need to remit more than men do and remit larger amounts even if they earn less. Remittances allow participation in the family while being physically absent.

5. THE STRUCTURE AND WORK OF HOMETOWN ASSOCIATIONS

Because many of the first immigrants to the US during the civil war were political advocates, the Salvadoran diaspora has strong history

and knowledge of organizing (Interview 2). The advocates formed active community organizations that empowered Salvadorans to form coalitions, call for their rights, and connect with other Salvadorans (Interview 3). As Salvadorans realized after the civil war that they would not return to El Salvador, they naturally, and effectively, started forming organizations or committees within in the existing organizations that would facilitate and strengthen transnational connections between the United States and El Salvador. One of the ways in which they have increasingly organized is through hometown associations or HTAs (Interview 1). While only about 4% of Salvadorans in the US are members of HTAs (DeLugan 90), the phenomenon still points to social, emotional, and political ties migrants wish to maintain or those they may develop in their new status as transnational citizens.

HTAs are organizations of migrants from the same hometown that come together for social events and to raise money for their hometowns in El Salvador. They are mainly driven by social and family networks and grow from a desire to maintain links to El Salvador and those from their hometown. They provide an essential platform for maintaining one's identity as Salvadoran. Having the opportunity to meet with others from the same town, engage in cultural activities, and aid each other in times of need reinforces the bonds between immigrants. Sending money and building projects reinforces their connections to the homeland. By engaging in organizations, individuals can make their identity as transnational Salvadoran citizens more concrete and differentiate themselves from others in the larger community (Orozco 7). Even second-generation Salvadorans wish to establish these connections with El Salvador to learn about their pasts and understand their present and future (Coutin 59). The ability to connect with El Salvador is essential to forming an identity in the United States.

That said, however, it is important to remember that many others have no desire to connect with El Salvador at all. Those who migrated as young children may have no connection or memory of their country of origin. Those who do remember may feel that El Salvador failed them and the memories of violence and lack of opportunity create

an aversion to the state. Salvadorans are also discriminated against in the Latino community in Los Angeles and this might want to hide their Salvadoran origins. Still others with unstable legal status avoid connecting to El Salvador to show their commitment to the US and to avoid appearing foreign. This behavior creates public distance from El Salvador that is maintained even if they still do send remittances (Coutin 62-63). While this paper focuses on those who do desire a public and multifaceted connection to the homeland, there are those who have no desire or resources to do so. Participation in HTAs is voluntary and their success depends on the commitment of the members.

For those that are involved, HTAs are important not just for engaging in social connections, but also to work to help their towns solve their root development and poverty barriers through charitable projects (Interview 3). In this way, the diaspora can improve the disparities in El Salvador that forced them to leave their homes. A member of Comité Puerto El Triunfo articulated these values: "We as hometown associations [are] trying to solve problems, help the community, trying to give back" (Interview 1). They emphasized that Salvadorans are still connected to their hometowns and migrated not because they want to leave their homes, but because of unfortunate circumstances in El Salvador: "We are here because there is a lack of opportunity there" (Interview 1). The personal connections with lack of opportunities and struggles for resources create a diaspora that is very willing to help their homeland in any way they can. Some of the second generation or those who have lived most of their lives in the US also feel this responsibility. Roxana, a Salvadoran woman who immigrated to the US when she was four, desires to engage with El Salvador personally. She feels "like we need to work to change things here, we also have that responsibility over there. You know, we still consider that part of us enough to where we need to do something to improve things there" (Coutin 60). As with many diaspora groups, HTAs originally organized around a cause such a natural disaster or a lack of a basic need in their hometown. Immigrants were personally impacted by the lack of opportunities and the resulting violence as many immi-

HTAs send collective remittances to fund projects and investments. Collective remittances, sent by a group, are more effective for development than individual remittances. With a large sum of money, it is easier to put the money towards a project or investment rather than allocating money to individual families to use as they wish. The idea is that the projects can impact the community more than the small individual sums could. The projects HTAs fund are focused on short-term poverty reduction and long-term development. Generally, projects have the goal of increasing opportunities in the town. For instance, the Comité Puerto El Triunfo donates laptops to schools to improve education and opportunities for students in El Salvador. They give money for towns to buy tools they can use to make souvenirs, increasing revenue from tourism and providing job opportunities for citizens. They donated tools for a town to make their fruit harvesting and processing more effective and tools to make souvenirs from the byproducts (Interview 1). Additionally, the money given by HTAs can be audited by outside agencies to make sure the town is using it for the intended project. For a \$20,000 development project, the hometown association may give \$8,000 the first year and monitor the money to make sure the town is making good progress in the project before giving \$8,000 the next year and the final \$4,000 a third year. This grant structure creates incentives to work on the project and highlights the need for larger scale development rather than just subsistence. These projects reinforce the involvement migrants have in the town while also helping to identify and solve critical community needs.

6. SALVADORAN GOVERNMENT INVOLVEMENT IN REMITTANCES AND DEVELOPMENT

The Salvadoran government has been taking steps to capitalize on the diaspora's connection. The government is actively trying to increase remittance flows and increase the development efficacy of these remittances. One of the most important steps the Salvadoran government took to improve remittance transfers was to make the dollar the official currency. First, this makes international investments more stable. For remittances, it lowers the transfer costs and reduces corruption from companies deciding exchange rates (PROESA 2013). More money can go to families rather than being lost in the transfer process. On larger development, the Salvadoran government wishes to expand and channel the diaspora's connection, desires to improve El Salvador, and their resources. The Ministry of the Exterior is trying to employ, "a new approach in the diplomatic and consular service aimed at providing comprehensive protection for Salvadorans abroad and their families will be encouraged, as well as to restore and strengthen its ties with the country, to participate actively in the process of development" (Ministerio de Relaciones Exteriores de El Salvador 2013).

Members of the Salvadoran diaspora are attractive targets for aiding development because they are already engaged and their intimate ties to El Salvador make them more likely to be committed investors in the long term. The government tries to make migrants feel welcome while encouraging them to invest money and energy in the country. Along those lines, the government formed the General Directorate with the Ministry of Foreign Affairs in January 2000 to serve as the link between the government and the diaspora. The Directorate aims to encourage economic ties and integration, community and local development, and cultural and educational ties. The government publishes a newsletter to showcase HTA projects and government collaboration. The Salvadoran government has also established the Social Investment and Local Development Fund (FISDL) where HTAs can petition for funds for their projects and FISDL assesses the value and need of the projects. This program amplifies the impact HTAs have. By 2006, 45 projects were aided by FISDL. HTAs give about 16% of the money for these projects and the average cost of each project was \$278,689.73, an immense amount to flow into a community (Orozco 19). These programs serve several purposes for the different actors involved. The HTAs can expand their projects and give even

more back to their communities with FISDL's aid. For the government, these programs help channel diaspora money into projects it thinks are worthwhile for the country. It can encourage development and possible future investment from Salvadorans living abroad. These programs reinforce the value of the transnational citizen and encourage them to maintain connections and continue to send money back to El Salvador. Perhaps most importantly to the government, these programs cast them in a good light by showing it is trying to develop the country and help the people rather than just their own political party.

Though the government has promoted several programs and has experienced success, there is a general lack of trust in the government that limits the efficacy and scale of the programs (Interview 1). Governmental institutions are still weak, corrupt, and highly polarized between the left Farabundo Martí National Liberation Front (FMLN) and right National Republican Alliance (ARENA). Citizens feel that politicians make promises during the elections that they never keep. Moreover, the government is neither able nor willing to decease the extreme inequality, violence, and lack of opportunities; in fact, these problems are growing worse. Migrants personally know the failure of the government to care for its citizens and thus many do not believe that government programs would actually help HTAs. Many HTAs prefer to work around the government rather than with it. They instead use other connections to direct their money where it should go.

7. Conclusions

The links the Salvadoran diaspora maintains to El Salvador through remittances show that emigration does not weaken a state through globalization or loss of productive workers. Rather the state can expand into a transnational, borderless realm (Landolt 237). This idea holds hope for El Salvador as its citizens continue to emigrate to find work, escape violence, and follow family out of the country. In their new physical locations, but same nationalistic spaces, transnational citizens are organizing to strengthen ties to their host country and forge stronger identities as Salvadorans. When working through these

transnational channels, immigrants are still an essential and present part of their families and communities in El Salvador. Remittance patterns reflect family structures and could work to maintain some of the structure and responsibilities of families across borders. This ability to maintain a continuation of the family and preserve a sense of unity is essential to keeping a transnational connection and a feeling of responsibility and rights in the country of origin.

Furthermore, the case of HTAs shows that the diaspora can use its connections, knowledge, and base to leverage its transnational power to solve the major problems of development in El Salvador. HTAs benefit the transnational citizens by providing cultural and social places to connect with others and benefit those in El Salvador by helping to improve their towns and opportunities. Diasporas are uniquely situated with the knowledge, passion, resources, and organizing power to make direct change in the ways they see fit. They have the essential connections to work with community members in El Salvador that other organizations may not have. While the work of HTAs is not perfect, they have been effective in working towards developing their hometown communities and building communities in the US.

An aspect not deeply explored in this paper is that of Salvadorans who do not wish to engage with the homeland or do not have the resources to do so. More work should be done to analyze why and how some choose to not to engage in hometown associations or other community groups and how engagement changes over time and through generations. Answering these questions will illuminate important divisions and challenges of the diaspora. These conclusions would help guide US national policy, diaspora organization plans, and individuals' mindsets to help Salvadorans best thrive in the United States.

El Salvador is working to embrace its transnational citizens as they become increasingly important in the culture, politics, and economy. While remittances do have drawbacks for development and transnational connections are not a perfect substitute for a complete present family, the diaspora is doing what it can to improve El Salvador into

the future. Future research should be done to assess how the diaspora's current engagements have impacted development and how the diaspora's engagements change as new migrants settle in the US and establish multigenerational Salvadoran American communities. As we have seen, the Salvadoran diaspora is highly adaptable and creative; in the end, the diaspora in the US will determine how to most effectively use its position to improve lives across borders.

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