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

Luin Goldring

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.

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 remittances to the balance of payments in Mexico. The second is the fact that Mexican migrant organizations have been very active in the area of collective remittances, and the federal government and several state governments have programmes designed to channel these remittances. Thirdly, these and other state-sponsored programmes are serving as models for other Latin American countries and therefore warrant our attention (Bate, 2001; Vega, 2002).

RECENT REMITTANCE TRENDS AND CHANGES IN THE INSTITUTIONAL LANDSCAPE

Several changes associated with broader processes of globalization have led to significant alterations in the contexts or environment in which

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 immigration policies and patterns of migration that produce spatially dispersed family networks, which lead people to send money 'home' or between various sites of residence and settlement.

Sources agree that the volume of remittances has risen dramatically in the last three decades or so, despite specification and measurement difficulties.¹ Recent estimates place the total value of remittances world wide at over '100 billion USD per year, with up to 60% going to developing countries' (MIF and IDB, 2003: 4). In 1999, the top three 'developing country' recipients of remittances were India, the Philippines and Mexico, with these funds accounting for 2.6 per cent, 8.9 per cent and 1.7 per cent of those country's GDP, respectively (Stalker).² In 2001, these countries remained the top three remittance recipients, but Mexico had climbed to the top of the list (with US\$ 9,920 million), followed by India (US\$ 9,119 million) and the Philippines (US\$ 6,325 million) (Stalker).³ Data for Mexico illustrate the broader trend of rising remittances. In 1980, remittances to Mexico were estimated at US\$ 698 million (*Migration News*);⁴ they rose dramatically to US\$ 5,909 million (*Migration News*) or US\$ 6,649 million (Stalker) by 1999, depending on the source. The level of remittances then rocketed again, climbing to US\$ 10 billion in 2002, and reaching US\$ 6.3 billion in the first six months of 2003 (*Migration Dialogue*).⁵ In addition to being a large aggregate sum, remittances reach many households. Data from Mexico's National Institute of Geography and Statistics (INEGI) have been used to estimate that in the

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1. Specification and measurement problems arise from the fact that sources use varying definitions of 'remittances'. The International Monetary Fund defines remittances as the sum of 'compensation of employees abroad', 'workers' remittances' and 'migrant transfers' (O'Neil, 2003). However, 'migrant transfers' are not reported uniformly to the IMF by Central Banks (MIF and IDB, 2003: 5). The use of unofficial transfer mechanisms adds to measurement problems (Lozano, 1993).
 2. See Peter Stalker's website, 'Stalker's Guide to International Migration': http://pstalker.com/migration/mg_stats_5.htm (accessed 20 December 2002, and 15 December 2003).
 3. See Peter Stalker's website details in note 2.
 4. See the website of *Migration News* (editor: Phil Martin) of the University of California, Davis: <http://migration.ucdavis.edu/Data/remittances/remittances.html> (accessed on 20 December 2002).
 5. See the website of *Migration Dialogue*, the successor to *Migration News* (UC Davis): http://migration.ucdavis.edu/mn/more.php?id=2947_0_2_0 (accessed on 15 December 2003).

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

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, Corona makes it clear that for households that receive remittances, this money represents an important share of total income.

7. In the Mexican case, the state's interest in migrants and their remittances is evident in a series of government initiatives that began in the early 1990s (Goldring, 2002). They included outreach programmes for migrants (such as the Paisano programme, the Programme for Mexican Communities Abroad in the Ministry of Foreign Relations, and matching funds community works programmes such as the Three for One — previously Two for One); constitutional reform allowing for the non-loss of nationality; the establishment of a Presidential Office for Migrants and Mexican-Americans Abroad during the first half of the Fox administration; programmes established to attract investments and donations to support development in selected micro-regions (such as the 'godfather' and 'adopt a community' programmes; OPMEX, 2002); and funds created by financial institutions to attract investments, like the NAFIN fund (García Zamora, 2002; Robles, 2001). In February 2002, the Mexican government announced that the Three for One programme would be expanded beyond the state of Zacatecas, to cover the entire country (Amador, 2002). This kind of programme is not limited to Mexico: two weeks later, a similar matching funds programme called 'United for Solidarity' was announced for El Salvador (Vega, 2002). A number of countries in Latin America and the Caribbean have now instituted programmes and policies aimed at maintaining economic and/or political ties with their emigrants (Bate, 2001; CEPAL, 2000; Orozco, 2001).

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 offering remittance transfer and related services. In addition to private sector transfer companies (such as Western Union), informal couriers and the US Post Office, financial institutions (banks and credit unions), federal government programmes, and state and local governments may also offer remittance transfer and related services.

A third and related set of changes involves the relationship between development policies and the wide range of institutional actors interested in and involved with remittances. During the 1970s and 1980s, the positive and negative development impacts of remittances were being debated in the context of development approaches that emphasized economic growth and the importance of markets, but accepted the need for some state involvement in facilitating growth.⁹ Academics debated whether migrants used remittances wisely and whether they contributed to development, but the debates did not enter into international financial institutions' policy prescriptions. By the early 1990s, there was widespread agreement that remittances served as income, and there usually was not enough left over for capital investment that would contribute significantly to development.

8. A more comparative and historical perspective confirms that contemporary states in this hemisphere are not unique in their interest in remittances. Governments of a number of current and former migrant-sending countries (often spanning successive administrations and regime changes) have implemented migrant outreach policies and programmes to attract remittances and emigrant investment. Well-documented cases include India (see India at Best website: <http://www.indiaatbest.com/nriindex.htm>). See also: <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan002874.pdf>), the Philippines (Bakan and Stasiulis, 1997; Basch et al., 1994), Portugal (Feldman-Bianco, 2000), and Italy (Smith, 1999).

9. See Waller (2000) for a useful review of these debates.

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 capital¹⁰ and good governance¹¹ 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/poverty/scapital/index.htm>
 11. See World Bank website, ‘Public Sector Governance’: <http://www1.worldbank.org/publicsector/index.cfm>
 12. Evidence of this interest can be seen in conferences and publications sponsored by the World Bank, the Economic Commission for Latin America (CEPAL, 2000), and the Inter-American Development Bank’s Multilateral Investment Fund (MIF, 2001; MIF and IDB, 2003; also Garcia Zamora, 2002; Suro, 2003). US-based foundations such as the Rockefeller Foundation have commissioned research on transnational communities, which includes a focus on remittances and development.

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 *technological remittances*. Others have focused on changes in political identities, demands and practices associated with migration (Fitzgerald, 2000; Goldring, 1992b, 1998a, 2002; Moctezuma, 2000; Rivera-Salgado, 2000; Smith, 1998, 1999), which one could refer to as *political remittances*.¹³ Identifying various kinds of non-economic remittances would be consistent with approaches that analyse migration as a complex and multi-dimensional process (Massey et al., 1993).

The specification of remittances has also been expanded within the category of economic remittances, through various typologies of remittances. Jorge Durand's (1988) work is important here. In one typology, he identified three types of *migradólares*, or migrant-dollars: (1) traditional individual or family money or cash remittances (*en efectivo*), which might be transferred in one's pocket, through a courier, via money orders, or some other method; (2) savings invested in houses or businesses; and (3) durable goods or products that migrants brought back upon their return (trucks, televisions, and so forth).

In a later work, Durand (1994: 285–8) identified three types of remittances based on their use or function, with comments about the profile of those most likely to be associated with each type. The first was remittances as wages or salary. According to Durand, this type of remittance was sent by circular migrants, or sojourners, who sent money to support close relatives. These migrants tended to be from areas characterized by limited investment opportunities because of monopoly or else low-yield agriculture. The second type was remittances as investment: these remittances could be sent during a trip, or brought back upon return. They were associated with target-earners, migrants who made a few trips with a specific objective, such

13. Remittances are usually conceived of as unidirectional flows, going to sending regions. However, economic, social, technological and political remittances may be multi-directional and multi-polar. See Besserer (1999, 2002) on the multi-directionality of economic remittances, which can flow between settlement sites, including, in some cases, from the home country to the host country.

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 communities of origin, something they have done for decades, with and without government matching funds (Bada, 2003; Goldring, 1996, 2002; Moctezuma, 2000, 2002; Smith, 1998; Zabin and Escala, 1998). The term 'collective remittances' (*remesas colectivas*) came into use because, unlike worker or family remittances, it describes money raised by a *group* that is used to benefit a *group* or community with which it is affiliated.¹⁴

14. Manuel Orozco (pers. comm. 25 June 2003) suggests that this term is a misnomer, and that it would be more appropriate to call these funds 'community-based donations' or 'migrant-based philanthropy'. I agree that these would be more appropriate terms, but continue to use *collective remittances* in the first part of this article because the term has gained widespread currency. I offer further critique of the term later in the paper.

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

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 corporations, the programme was premised on attracting investment from entrepreneurs whose identities and/or ancestry involved Mexico (OPMEX, 2002; author's interviews).

Although these policy initiatives and programmes recognized the distinction between family and collective remittances as well as successful migrant entrepreneurs' capital, there was a certain ambiguity in the expectations associated with them. On one hand, there was an assumption that family and collective remittances, especially the latter, would increasingly be used for 'productive' projects (that is, to generate employment and economic returns) over time. On the other hand, there was the hope that entrepreneurs would invest under two modalities: as no-strings attached donations, and establishing businesses that would generate employment and profits, even if the profits were not as high as could be attained from investments elsewhere (OPMEX, 2002). In the earlier model, the three levels of government, together with migrants, would jointly help to develop sending regions; now the new player was the private sector, with migrant organizations and individual migrant investors as joint partners filling this role. While the assignation of responsibilities and benefits connected to each party in these new partnerships was not entirely clear, the idea certainly was to establish new public-private partnerships (OPMEX, 2002; author's interviews with OPMEX staff, February to May 2002¹⁸). Although differences between them were recognized, each of the three types of remittances was expected to contribute to development.

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16. The 'adopt a community' programme had a philanthropic character, but was also associated with entrepreneurial initiatives. That is, the 'Godfathers' (*padrinos*) could become benefactors and/or investors. In either case, the idea was to create sustainable employment (OPMEX, 2002). See Cano and Molina (2001) for an early critical review of the government's efforts to attract migrant investment.
 17. In spite of the creation of a fund in NAFIN aimed specifically at small and medium enterprises, a follow-up newspaper article suggested that the resources were not reaching targeted enterprises (Ortiz, 2002).
 18. See also the Spanish language website of the Partnership for Prosperity ('Sociedad para la Prosperidad') — 'El Papel del Sector Privado', <http://www.p4pworks.org/p4p.php?seccion=sectorprivado>

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 reverberates at several levels, it appears that the separate categories of remittances are expected to be somewhat fungible: family, collective and investment remittances are all to be used more productively and contribute to growth and development. Against this background, I turn now to an analysis of key differences between types of remittances. I emphasize tensions in the definition of collective remittances in the hope of contributing to discussions about alternative government and NGO interventions. For reasons of space, I focus the analysis on family and collective remittances, and only discuss entrepreneurial or investment remittances very briefly. It will be clear that questions remain about the extent to which collective remittances can be expected to be more 'productive' (that is, entrepreneurial

19. The Programa Paisano remained under the Ministry of Interior (Secretaría de Gobernación).

20. See Ross and Mora (2003) for an analysis of Fox's migrant oriented policies, the OPMEX and the early days of the IME, from the perspective of two well-known migrant-activists. See also the website for the 'Instituto de los Mexicanos en el Exterior' of the SRE: <http://portal.sre.gob.mx/ime/>

or 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 the remittances and the norms and logic(s) that regulate their management (the 'regulatory scheme'); (3) the uses of the remittances and the balance between remittances as income versus savings; (4) the social and political meaning of the remittances; and (5) the implications of these meanings for public policy. The typology clarifies key distinctions between types of remittances.²¹ I argue that these differences call for distinct policy interventions and have different implications for development. I also suggest that remittances in one category do not easily transfer into another.

Family Remittances

Logics

I use the term family remittances interchangeably with worker remittances, following current usage. The category can include money sent to friends and distant relatives, as well as close family members.²² A key characteristic of these remittances is that the practices associated with sending money 'back home' are steeped in norms, obligations and/or affective ties that are bound up in processes of identity formation, gender and socialization, which are in turn rooted in social networks (of kinship, fictive kinship, friendship, etc.) and processes related to the construction of community, ethnicity and nation. These remittances represent transnational versions of flows and exchanges of money and goods that are intimately bound up with, and regulated by, conceptions of and responsibilities associated with being a

21. Moctezuma (2002) has since offered a related typology that discusses several types of migrants.

22. Use of the term 'family' does not imply an acritical definition of the family. The definition of family and household is understood to differ depending on sociocultural context, and to include gender, age, generation and other unequal power relations.

Table 1. Typology of Remittances/Migrant Earnings

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Sender(s):	Individuals/people.	Organized group of migrants: families, partners, home-town clubs or associations.	Individuals or business partners.
Recipient(s)/ beneficiary(ies):	Recipients = kin, fictive kin, friends Beneficiaries = recipients and transfer companies.	Recipients = community or target group within community Beneficiaries = community, target group, or productive project partners.	Recipients = senders or business venture Beneficiaries = investors. In theory, 'employees' also benefit.
Mediating actors/ institutions	1) Families, social networks. 2) Money transfer companies (formal and informal). Private sector.	1) Community social networks, migrant organizations (HTAs). 2) Local, state and federal governments. 3) NGOs; foundations. Public sector.	Possibly: local, state and federal government. Private sector. Public-Private Partnerships.
Importance of place of origin in destination of remittance	Usually close relationship. Remittance goes to kin in place of origin. (May also go <i>from</i> place of origin to kin in other locations).	Close relationship between identity, place of origin, and place where collective remittances are sent.	Close relationship is possible, but not necessary. Market logic (returns) may be more important in directing remittance.
Balance between: income/savings/ investment	Major share of remittances = income. Small share of remittances = savings.	Remittances = community donation, savings/non-profit investment.	Remittances = investment, usually for profit.

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 important to good management. Negotiations over management of money with authorities may be conflictual.	Lack of profit or red-tape/difficulties may limit future/other investment.
Social meaning and leverage	Individual and family social and economic status; livelihoods, conspicuous consumption. Potential to polarize incomes and wealth.	Community amenities, community status, gendered status of leaders, link to political clout. Potential for social capital and political learning.	Personal social and economic status, link to political clout.
Political leverage	Limited at individual level; greater at the aggregate level (migrants as heroes; remittances earn migrants a place at the negotiating table). May form basis for broader substantive citizenship claims-making.	Strong possibility for groups with organizational continuity. Political status for leaders and organizations. May influence opinion (voters). Leaders may use organizations to achieve higher positions (political trampoline). Clear avenue for making membership claims, or substantive citizenship.	Possible political clout for individuals, but highly variable outcomes (successful entrepreneur turned politician; e.g. Jerez).

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	<i>Increasing disposable income:</i> reducing transfer costs, more and better alternatives for transferring funds, better financial instruments. <i>Reducing vulnerability</i> by enhancing social welfare services and financial services: improving access to and terms of credit, social security, medical services, employment levels, pro-rural development.	<i>General:</i> develop mechanisms for participatory, democratic, and inclusive planning. Increase participation of 'local' representatives, women, indigenous groups, and others with history of limited access to power. <i>HTAs:</i> need long-term technical assistance and capacity building (e.g. fund raising, planning). This organizational learning takes time, quick results should not be expected. <i>Institutional actors:</i> Involve NGOs, foundations, local government/planning bodies.	Improve basic infrastructure and communications to improve 'investment climate' or structural conditions in more regions. Improve marketing information and networks. Devote higher share of returns to wages.

Table 1. (continued)

	TYPES OF REMITTANCES		
	Family-Individual	Collective	Investment
Feasible development objectives and challenges	<i>Poverty reduction</i> for recipient households; may increase income inequality at community and regional levels. <i>Human development:</i> broader individual and household access to education, health. Need facilities and services. <i>Productive investments:</i> 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.	<i>Improving infrastructure, amenities and selected services.</i> Public goods, 'charities', etc. Making project implementation effective and transparent. <i>Productive investments:</i> limited due to philanthropic rather than profit-based orientation. If donation is driven by home-ties but is not economically sound, problems may develop.	<i>Productive investments:</i> 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, god-child, 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 institutions, such as 'local' couriers, trust (or the enforceability of trust) is important to the viability of the enterprise. In contrast, in the case of larger and more institutionalized mechanisms and institutions, impersonal market relationships are involved. Nevertheless, the latter involve varying degrees of transparency, for example regarding the real cost of transactions or the exchange rate. Outside of the intermediaries involved in the transfer, there are no other actors or institutions directly involved in the process. As for the management of the money sent, those who receive it are the ones who spend it, though they may be subject to suggestions or 'orders' from the remitter.

Uses and Purpose

The use of family remittances has already been dealt with in general terms. Most are remittances as income, with much of this money spent on recurrent expenses and less frequent but nonetheless important expenses, such as education and health. Their purpose is to maintain or perhaps improve the standard of living of the family or household. Although they are sent with the idea of supporting, helping, and improving the well-being of one's relatives, these monies may also be spent on conspicuous consumption. They also serve as a form of social insurance (unemployment, medical, old-age, social security and crop or production insurance).

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 inter-generational 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 said ‘how can we not support them on the vote issue when they contribute so much to their country?’ (interview with OPMEX staff, April 2002). As long as the volume of remittances remained relatively low, family remittances were not part of discussions about migrant rights in relation to their home states. As family remittances have begun to make headlines, however, they have at times been used in arguments around improving migrant leverage *vis-à-vis* their home countries, such as in campaigns to obtain extra-territorial political rights (Calderón and Martínez, 2002; Itzigsohn, 2000).²³

Interventions

The preceding discussion indicates that there are public policy instruments and interventions that are specific to family or worker remittances. These

23. In the Mexican case, a number of migrant organization leaders have used this argument in negotiations with the government, for example regarding HTA relations with the federal government. However, key advocates of overseas electoral rights have been careful not to use remittances as a basis for negotiating political citizenship for migrants (cf. Calderón and Martínez, 2002).

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 received, improve the financial instruments available to recipients, and in this way increase the probability of saving and then investing some of the money. Accepting the conclusion that most remittances are treated as income, one could infer that these initiatives might raise incomes without

24. For example, the use of ATM cards, telecentres, and so forth; see the work of, among others, Scott Robinson (1998, 2003); also the website of the Asociación Mexicana de Uniones de Crédito del Sector Social (AMUCCS): <http://www.laneta.apc.org.amuccs/>

25. It also reduces the vulnerability of people without access to formal savings instruments and institutions, who would previously have had to carry large amounts of cash after getting paid.

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 security, and as such, contribute to the social well-being of families. If development is conceived of in short-term and exclusively economic terms as generating growth, then family remittances do not contribute directly to development. If development is defined in broader social terms, as has become more common, then family remittances can be understood as making an important contribution to development.

In any case, in order for income and savings to turn into productive investments with potential multiplier effects, people need an income high enough to provide an improved level of living. They also need a broader set of policies, institutions, and infrastructure to support the well-being of families and promote regional and national development. This would involve going far beyond initiatives aimed directly at family remittances, to include policies with a broader and more structural scope. This might include co-ordinating policy in the areas of health, social security, education, and urban, regional, agricultural, industrial and environmental planning in areas of out-migration. Given the difficulty of implementing such efforts, which would require long-term co-ordination among ministries, the government has moved ahead with a few more visible initiatives that may or may not be sustainable, but which show some short-term results and are amenable to fairly straightforward intervention.

Collective Remittances

Collective remittances have received increased attention, not because of their amounts, which represent a fraction of family remittances (although they are difficult to calculate because of the 'informality' behind some of these initiatives), but rather, because of the extra-economic dimension that characterizes the bundle associated with these remittances. This dimension includes what some refer to as social capital, because it has to do with the organization and experience that accompanies the remittances. A report on the potential of collective migrant capital for small infrastructure and micro-enterprise development prepared for the World Bank summarized the situation as follows: 'The potentialities of community remittances lie not in their present amounts but mainly their characteristic as a "high quality resource": an organized force backs them, they are generally earmarked for investment and they show a clear tendency to grow in volume

and improve in quality' (Torres, 2001: 22). In other words, one of the main attractions of collective remittances is exactly that they are not seen as income. They are not used to cover recurrent expenses, as is the case with the lion's share of family remittances. Instead, these funds are seen as savings. Nevertheless, while governments and multilateral organizations would like to see these savings turned into investment, it is clear that most collective remittances have been made under a model that bears more resemblance to charitable donations than profit-oriented investments. In what follows I develop this further, after first providing more background on these remittances.

Background: Uses, Purposes and Mechanisms

Community projects financed through collective remittances have taken place in many rural localities with high rates of migration to the US. Although there is no set of data that would permit a systematic analysis of the determinants of such organizations, there is enough available information to outline their general trajectory. As Moctezuma points out (2000: 92), the establishment of 'daughter' or 'filial' communities is a key element in the process of constructing what he calls the 'collective migrant',²⁶ or what others have referred to as bi-national (Mines, 1981) and transnational communities (Goldring 1998a, 1998b). Those living outside the place of origin usually do so in one or more areas where other community members are also living. This process thus involves the extension of social networks over geographic space and national boundaries, and the creation of multi-local and transnational social spaces. In these spaces, people make claims of membership and social status that can be recognized and appropriately valorized, generating the feeling of community, even if the 'community' also includes deep social cleavages (Goldring, 1996).

Sports clubs or religious associations have often been the organizational medium through which these kinds of community projects are carried out. In a number of cases, priests have helped to organize communities for projects that included, but were not limited to, church-related goals such as repairing or building a church or fixing up the cemetery. If the first project is successful, that is, if the project was carried out and the money spent on what it was supposed to be spent on, then subsequent projects would likely follow (cf. Juárez, 2002). In general, projects fall under four categories: (1) basic infrastructure and communications projects (roads, bridges, potable water, drainage, water treatment, wells, electrification,

26. The term 'collective migrant' has the advantage of emphasizing migrant agency and organization. However, it can imply unity, co-ordination, and the lack of divisions — for example, based on politics, class, gender, and ethnicity — which may or may not be the case (Goldring, 1996, 2001a).

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).

Cost-sharing programmes like the Three for One are part of a state policy of migrant outreach, which is itself part of a broader set of policies that involve the definition of the nation, legislative changes related to nationality, and the right to vote (Goldring 1998a, 1999b, 2002; Moctezuma, 2002; Smith, 1998, 1999). Regardless of how complex a reading one makes of these policies, these programmes were established in a way that builds on prior practices and existing social networks. There is a long history, though not always documented, of cases where groups got together to fix churches, pave streets, build bridges, install potable water, and undertake other such community improvement projects (Juárez, 2002). Involvement in these community projects may seem fairly innocuous in political and social terms. People decide on a project objective, they raise money, and carry out the construction project or buy the equipment that will be donated. Nevertheless, reality is often far more complex.³⁰ There may be differences of opinion about the priority of various possible projects between migrants, local residents, and political authorities at various levels. In the case of equipment or other donations, there may be duties and customs problems at the border when they are imported into Mexico. In the case of projects requiring construction, as hinted at earlier, there may be interruptions or delays due to changes in materials prices and budgets, construction companies may not comply with budgets and/or timelines, there may be inadequate technical assistance, conflicts between local representatives and

29. There are also examples of infrastructure projects financed by migrants from Jalisco, Oaxaca, San Luis Potosí, Puebla, and other states, but under different institutional arrangements (Alarcón, 2002; García Zamora, 1999; Goldring, 2002; Juárez, 2002; Torres, 2001).

30. I focus here on problems related to the implementation of projects, without discussing others, such as tensions around agreeing on the priority of a given project.

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

31. These features also mean that these remittances could be described as donations, rather than investments. When the government establishes a school or a clinic, it is public: anyone may attend. There may be fees for some services, but they are open to all. If private profit-oriented companies were involved, there would have to be a discussion to negotiate the distribution of benefits or profits (unless it were structured as a co-operative or non-profit organization).

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 (Alarcón, 2002; Fitzgerald, 2000; Goldring, 1998b, 2001a, 2002; Moctezuma, 2000, 2001; Smith, 1998, 1999).³²

Interventions

This section concludes with four points regarding policy and advocacy interventions related to collective remittance projects. The first has to do with migrant organizations and their opportunities to accumulate social and political capital. Although there has been a proliferation of clubs, particularly in recent years, one has to recognize that these organizations are not always easy to sustain over time, particularly if they are groups that involve a membership that goes beyond one or two leaders. Participating in these clubs takes time, trust, and good experiences upon which to build further. The key point is that clubs are not born overnight, nor are they established with inherent sustainability. Rather, sustainability has to be based on experience, good leadership, and organizational learning. Basing a public policy on this kind of organization and expecting it to reproduce quickly and regardless of context is clearly not feasible. On the other hand, offering training and technical assistance so that organizations can develop leadership and other skills through training and related programmes, so that they might operate in a democratic manner, etc., requires more time and resources. At the same time, municipal, state and federal authorities that deal with the channelling of collective remittances can also receive training. All of this requires a non-partisan and long-term approach to migrant community development or outreach.

The second point has to do with development, or the possibility of turning collective remittances into productive projects. The fact that most of the projects carried out with collective remittances have not been 'productive' projects raises questions about the extent to which their purpose and uses can in fact be reasonably modified. Three for One projects tend to work best when they are for collective goods and not something that can be

32. It is worth clarifying that such a political claim is not necessarily articulated explicitly when projects are initially undertaken. However, once initiated, contact and dealings with construction companies, political authorities, public works officials, and so forth, often generate tensions as club members or their local representatives question these parties' decisions, power, and authority. These challenges can lead to situations in which project implementation becomes enmeshed in power struggles and acquires strong political overtones. This is why I argue that these claims are linked to a notion of membership in a political community, even though they may not directly involve electoral issues.

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* response to neoliberal policies. It is an attractive model because it involves migrant agency. The migrants had to deal with a number of obstacles introduced by the government's mediating role, which was brought about because of the cost-sharing programme. Nevertheless, this case differs from that of the more general model of a club working on a collective good. Moctezuma (2002) praises the flexibility of the matching funds programme that allowed this productive project to develop under it. In trying to replicate it, it would be worth keeping in mind the specificities of this case, and the fact that it does not involve a social or community project that can benefit an entire community, but rather, is an entrepreneurial project that involved a lengthy feasibility study and took time to carry out. Rather than indicating a successful productive project generated by the Three for One, it may illustrate how a group of partners were able to take advantage of favourable terms under this programme to

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 coherent approach to regional planning.

The third point has to do with the planning process. To date, cost sharing programmes in Zacatecas (One for One, Two for One, and Three for One) have worked with the involvement of one or more levels of government. The recent insertion of the Three for One programme within the Ministry of Social Development (SEDESOL) provides for a new regulatory framework covering Three for One. There are national and state-by-state rules governing the urban and regional planning process, and specific rules covering how migrants will have to incorporate their Three for One projects within the local and regional planning process, depending on the type of project. Migrants may see this as a loss of autonomy (Goldring, 2002). In any case, it is one of the greatest challenges for the successful and sustainable operation of such programmes. The planning process needs to become increasingly transparent, democratic and participatory, otherwise it will be plagued by conflicts between migrants and political authorities, and/or among various groups of migrants.

The last point is related to the previous one and has to do with the role of NGOs. Although the three levels of government have been the main mediating institutions involved with collective remittance projects in the case of the Zacatecan clubs, NGOs working on rural and municipal development and governance could play an important role. They could become involved in technical assistance, organizational development, creating financial instruments useful to migrants and their families and communities, and so forth. Until quite recently, most NGOs working on rural issues (or urban ones for that matter) have had little contact with migrants. This could

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

As noted earlier, what I am calling entrepreneurial or investment remittances are not remittances in the usual sense. I include them in this analysis because they have become an important element of the Mexican government's migrant outreach programmes at the level of the federal government and several states,³³ and more recently, of the National Development Bank (Nacional Financiera, or NAFIN). NAFIN operates a US\$ 2.2 million fund financed by the Inter-American Development Bank's Multilateral Investment Fund called 'Invest in Mexico' that offers technical assistance, business plans, credit and investment advice to migrant entrepreneurs (*migrantes emprendedores*). NAFIN's website provides information about the programme's objectives and target group. Following the heading: 'To whom is this program directed?', this answer is given: 'All Mexican or Mexican-American residents of the United States, who, like you, want to contribute their entrepreneurial capacity and resources for the development of productive and profitable projects in their place of origin' (NAFIN, n.d.a).³⁴

Clearly, the 'senders' of this remittance are the investors, but the state and multilateral organizations have a clear role to play in this process. In a related frame of the website, we learn that prospective migrant investors can choose their own business, select from a list of types of new businesses (including tortilla factories, drug stores, cafés, gasoline stations and telecommunications) or invest in one of several existing businesses (NAFIN, n.d.b). The market alone is not enough to attract these investors' capital, so the state and development banks provide incentives in the form of technical assistance and credit. This version of a public-private partnership is clearly supposed to contribute to development.

33. See García Zamora (1999, 2002) for assessments of state-level programmes.

34. Author's translation; the Spanish original reads: 'A todos aquellos mexicanos ó México-americanos residentes en Estados Unidos que, como tú, quieren aportar su capacidad empresarial y recursos para el desarrollo de proyectos productivos y rentables en su localidad de origen'.

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 businesses in areas of high out-migration in order to contribute to the development of these regions is ambitious but somewhat contradictory. These policies call on migrant investors, who presumably are successful entrepreneurs in the US and therefore know something about business development, to make sound business plans and locate their investment in regions that may be lacking in adequate infrastructure, communications, or other investment. The jobs that they are supposed to generate are low-wage jobs that are unlikely to satisfy people with family members working in the US, or those with social networks to get them to the other side of the border. If there are few migrants and people who are, in fact, willing to work for the low wages, then the business is probably not located in the migrant's hometown. Such a situation would be closer to a pure investment model, which may make good economic sense. However, issues of linkages and markets may remain, and selling a project in a place that is not of direct benefit to one's hometown may be difficult. In terms of development impacts to date, the experience of investor remittances in producing sustainable businesses and employment has been limited (Cano and Molina, 2001; García Zamora, 1999, 2002; Rionda, 2003).

Social and Political Leverage

In contrast to collective remittances, entrepreneurial remittances or investment are less directly linked with an organization or network of organizations. Individual investors may or may not be members of hometown associations and federations. As a result, the political leverage associated with this form of remittance is highly variable and subject to ad-hoc negotiations. Investors may obtain favourable terms from specific political authorities, depending on their connections and wealth. They may also be more or less able to make investment programmes work for them. However, the programmes are framed as contributing to economic development, rather than social development, while collective remittances are framed as both. This, together with the absence of migrant organizations associated

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 of income. In contrast, collective remittances tend to be seen by planners and political authorities as money that represents savings and has the potential to become investment. For migrants, these collective remittances tend to be seen as donations for community projects in their places of origin, although there are some examples of these moneys being spent on more productive or entrepreneurial projects. Collective remittances are associated with organizations that have gained considerable social and political leverage in recent years. Entrepreneurial remittances are also money that is not income, and which has the clearest investment potential because the migrant investors are seeking a return. Entrepreneurial remittances do not have organizations behind them, although individual investors may also be part of migrant organizations. However, the government can negotiate with individual investors or small groups, rather than networks of organizations.

During the 1970s and 1980s, a lively debate arose around the question of whether remittances could contribute to development in migrant-sending regions or countries. In this literature, it was common to find either positive or negative positions on the debate. The positive reading would argue that remittances do contribute to development through multiplier effects, and investment in human capital and health, while the negative position would stress the economic hardship faced by remittance-receiving households, as well as regional and macro-economic constraints that limit the possibility of using remittances as anything else besides income. As a consequence, they argued that one should not expect migrants to invest remittances in a productive manner. Some critics also argued that it was not the Mexican government's role to tell migrants or their relatives how to use remittances, or to be in the business of channelling them (Bustamante, 2002).

Both positions included strong prescriptive elements, as well as empirical research, which made it difficult to settle the debate definitively. By the mid 1990s, there was relative consensus around the conclusions that family remittances represented income that was spent largely on recurrent costs, that there was little left over to save or invest, and that there might be structural limits that created disincentives for investment. Nevertheless, the idea that remittances might be used (more) productively continued to surface. At the same time, the political-economic context was favouring a reduced role for the state in infrastructure investment and public spending, the promotion of free markets, and public-private partnerships as a solution to budget constraints and social problems (Lucissano, 2002). It is in this context that the idea that remittance use could and should be modified took on new life with reference to collective remittances. Because these are seen as savings rather than income, the expectation is that cost-sharing programmes like Three for One and programmes designed to attract investment can both lead to productive projects that will contribute to development in areas of out-migration. More recently, entrepreneurial remittances have been

promoted as a way to meet development needs. In order to better evaluate such proposals, I suggest that it is important to look more closely at differences between family, collective and entrepreneurial remittances.

One of the key differences between family and collective remittances has to do with the institutions that mediate the transfer and use of the funds. In the case of collective remittances, political authorities at various levels of government tend to play an important role in planning and implementing projects financed by these moneys. Migrant organizations that raise money for the projects also work on planning, and a great deal of political and social learning takes place in order to carry them out. This learning can contribute to the accumulation of social and political capital, which gives these remittances a social and political dimension that is significant and should not be discounted. While family remittances may acquire a political dimension at the aggregate level, they are not mediated by political authorities, they do not have institutionalized organizations behind them, nor do they have the potential for social and political learning associated with collective remittances. With time, this learning may begin to translate into political demands based on social claims of membership and belonging, which in turn may translate into political leverage.³⁶ In this way collective and family economic remittances develop a significant political dimension that cannot be ignored. In contrast, entrepreneurial remittances are supposed to be guided by market forces. In practice, however, investors receive various incentives to participate in these programmes. The government's attempt to re-direct collective remittances into productive projects has been hampered by problems associated with making community projects into private businesses.

This discussion has shown that economic collective remittances have an important political dimension. At the same time, it shows that one of the main challenges for political authorities as well as migrant organizations that work on cost-sharing projects has to do with project planning and implementation. This is a process that can be riddled with conflicts and lack of transparency. One objective of the planning process could be to develop more effective, accessible and democratic participation, and greater transparency so that all of the actors can be more accountable to all stakeholders.

This analysis may help us understand how something that is apparently straightforward, like the construction of community projects, can become more complex and political. This leads to the conclusion that modifying the process of project implementation is not necessarily easy. Clubs are not born overnight; they need time to achieve success, build a base of effective leadership and accumulate political learning. Changing collective remittance projects away from something intended to be a donation for a collective

36. Some might argue, in fact, that mobilizations in favour of the vote from abroad are an example of this kind of political learning.

good to an entrepreneurial project is not a simple process. Nor is it a necessarily a good or feasible objective. Diverse programmes and regulatory schemes that take into account differences between social welfare projects and various kinds of businesses may be needed. Changing the use of remittances is not only a question of changing behaviour, but also implies changes of meaning, relations of power, and conceptions of belonging and membership, in addition to broader changes that can alter the structure of opportunities at many levels.

Policy and programme interventions need to recognize the specificity of each kind of remittance. Existing initiatives to bank the un-banked and reduce transfer costs accomplish this for family remittances. The same is true of efforts to improve project planning and implementation for collective remittances. However, trying to expand the share of family remittances which is allocated to savings or investment, turn community donations into profit making ventures, or small investments into profitable ventures without accompanying changes in local and regional planning, and without significant state expenditures on infrastructure, sanitation, health, education, and other components of development is unlikely to lead to major changes. Instead, migrants will continue to contribute to the financial well-being of their relatives, and to the development of small infrastructure and businesses. The number of jobs created will not be enough to affect migration patterns as long as wages remain low relative to the US. That is an issue that requires a debate and examination of more successful integration models (such as the European Union and social cohesion funds), rather than more migrant investment programmes.

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Luin Goldring is Associate Professor of Sociology at York University (CERLAC, 240B York Lanes, 4700 Keele Street, Toronto, ON, Canada M3J 1P3). She has published on socioeconomic, political and gendered dynamics in Mexico–US migration, and *ejido* reform in Mexico. Recent articles have appeared in *Latin American Research Review* and *Identities*. Currently, she is studying the relationship between transnational practices and incorporation among Latin Americans in Canada, and co-editing a book entitled *Organizing the Transnational: The Experiences of Asian, Caribbean and Latin American Migrants in Canada*.