

Myths and Realities: The economic impact of international labour migration in rural El Salvador

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Presentation

- Context of migration in El Salvador
- Highlight the main findings from BASIS study of rural households
- Discussion of emerging ideas related to migration and local development

Context

- 6 million Salvadorans in ES
 - Approx. (+/-) 1.2 million in US
- \$2 billion dollars a year in family remittances
 - Remittances equal 13% GNP; 684% foreign direct investment; 63% of all export income
- Territorial differences
 - Increasing migration over last 5 –10 years from rural areas
 - 13% to 39% of hh receive remittances depending on the department (20% on average)
- Prostrated agricultural sector and broadening and deepening migrant networks

Multiple discourses concerning impact of labour migration

- Maintains economy afloat
- Free trade agreement with US will open doors for “nostalgic market”
- Causes family disintegration
- Unproductive use of remittances by households
- Weakens work ethic
- Leads to uncontrollable youth
- Underlying negative class, gendered and generational images

Study Data

- BASIS: Broadening Access and Strengthening Input Market Systems.
- Panel study: data from 1995, 1997, 1999, 2000.
- Data used: 696 rural households in El Salvador from 1999.
- Labour insertion, financial markets, land use, etc.
- Migration information incorporated into study but not the focus.

Main findings from data

- Migrants:
 - Gendered and generational dynamics
 - Predominantly single young men or single young women who are not the head of the household
- HH with remittances compared with HH w/o remittances
 - Continue to participate in labor market generating income to complement remittances
 - But don't have to take some of worse paying jobs in rural areas

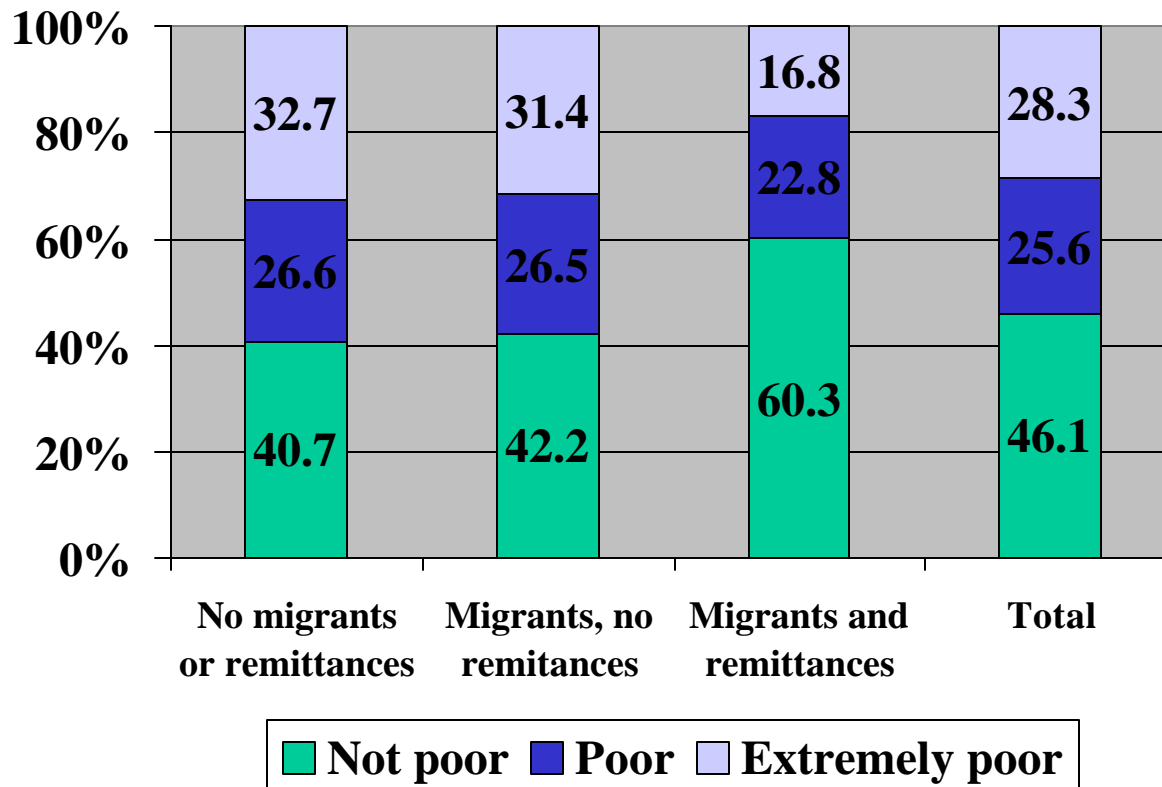
Main findings of data, cont.

- HH with remittances
 - More dependency on remittances is associated with higher probability of
 - single parent
 - female headed
 - more elderly members
 - fewer members of working age

Main findings of data, cont.

- Expense structure of hh is the same
 - don't "mal gastar" income
 - have more income
 - have more assets
- Educational deficit (among school age children) is lower among hh with remittances
- Migration promotes more migration as social networks deepen and expand

Poverty in rural households according to migration and remittance links



Role of remittances in hh

- Clear impact in improving welfare of household.
 - Mitigating poverty.
- “Investment” in human capital and fulfillment of basic needs.
 - Keeps kids in schools
 - Health insurance.
 - Pension fund.
 - More assets (house, other assets).
 - Frees up other economic resources for “productive” uses (ej. Credits, microenterprises).

Migration, Remittances, and Local Development

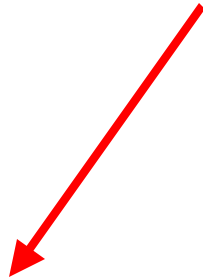
- Improvements in wellbeing do not necessarily lead to development.
- Remittances alone can not create a vibrant socio-productive fabric.
- As hh exchanges densify and diversify, lead to changes in the local socio-productive fabric

Transnational dynamics

- Other types of exchanges linked to international labor migration.
 - Economic. (Productivity)
 - Socio-cultural. (Identity)
 - Political. (Citizenship)
- At different levels
 - Households
 - Communities
- New actors present in communities.
 - HTAs
 - Coyotes
 - Encomenderas
- New economic activities emerge
 - Remittances and multiplier effects
 - Return migrants
 - Transnational entrepreneurs

Potencial changes in local socio-productive fabrics

Increased density and diversity of exchanges between hh in a given territorial community can lead to differing outcomes



Weakening of socio-productive fabric leading to more migration:
Vicious circle



Transformation of socio-productive fabric leading to an “economy of migration”



Strengthening of socio-productive fabric due to the emergence of new dynamic economic activities:
Virtuous circle

Final thoughts

- Discourses don't fit particularly well with reality
- Important to differentiate between general trends and “exemplary” cases/stereotypes
- Need to visibilize multiple types of exchanges (economic, social, political) among households as well as on a community level

Final thoughts, cont.

- Migration is a door to globalization but still primarily a back door.
- Transnationalism may mean that rather than “think globally, act locally” we need to “think locally, and act globally”.
 - Problems and solutions of local communities in ES may need to be addressed in the US and vice versa