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THE MEXICAN CONNECTION

Bilateral Bounty for U.S., Mexico

By TAMAR JACOBY Special to the Sun

TULCINGO DEL VALLE, Mexico — The two old men looked almost indistinguishable: the same work-worn jeans, the same slight build and brown, wrinkled faces. They even shared a name, and it turned out they were cousins: Roberto Torres Amigon and Javier Amigon Castillo. In fact, though both were born here in the state of Puebla, one had spent the last 35 years in Brooklyn, the other in the Mexican mountain village of Santa Ana.

What brought them together now was a joint project: the building of a stretch of road in Santa Ana. Responding to a village initiative, Javier Amigon and some 300 other New Yorkers had put together $25,000 to contribute to the construction. Because he was on site, Mr. Torres oversaw the work, but both men understood — and proudly bragged to a stranger — that the accounting would be done American-style: through a bank and with full transparency, quite unlike the way things are often done in Mexico.

Striking as it seems,theirs is not an uncommon relationship in Mexico today. Not only do individual migrants send billions of dollars a year to their families, as often as not in weekly or biweekly installments of $100 to $200.But virtually every village also looks to a club or committee like Mr. Amigon's — a group of migrants in America who pay for social projects in the town.In some cases,it's a road; in others, a bridge or a sports field. In most places, that and the remittances sent by individuals are gradually transforming the old towns. Are the changes for good or ill? Do they add up to sustainable development — as opposed to merely raising incomes temporarily? And will they in the long run end the need for workers to make the trip in the first place?

When they first arrive in the United States, virtually all Mexican migrants send money home.The longer they stay, the less they wire, but at any given time, according to the Pew Hispanic Center, about half are transmitting some amount on a regular basis. Perhaps as many as three quarters are men sending to women: their wives, mothers, daughters, or other female relatives. The majority are under 40, most of them unskilled workers paying out of meager salaries from which U.S. taxes have already been deducted. The financial sacrifices are extraordinary — migrants talk about putting aside as much as $200 out of a $400 busboy's paycheck — and the cumulative results are nothing short of mind-boggling.

In 2002, Mexicans in the United States sent home a total of $9.8 billion — more foreign exchange than their country made on its bustling tourist trade and second only to its oil revenues. In the state of Puebla alone, the figure was $800 million. And according to one estimate, by ABC News, this small town of Tulcingo receives $150,000 a day – or $4.5 million a month. In the first six months of the year, despite the U.S. recession, the overall flow increased 29%, according to Mexico's central bank — leading to estimates that the 2003 total could exceed $11 billion.

Both the U.S. and Mexican governments are eager to encourage this bounty. Banks are increasingly keen to get in on the business. And most analysts, in the private and public sectors alike, nurse the same hopeful assumption: that the payments will fuel economic development, eventually reducing the need for migration.

Most of this international interest and excitement has translated into efforts to lower sending costs.Traditionally, most migrants have relied on Western Union, giving the telegraph giant a virtual monopoly in the field and allowing it, in years past, to charge as much as $25 on a $100 remittance, including hidden fees. In New York, there has always been competition from small money-services businesses — travel agents and the like who claim they serve as much as 60% of the market. But it wasn't until banks entered the business in recent years that Western Union was forced to cut its costs,now more like $15 for any amount up to $200. Citibank, in contrast, plans to charge $7.95 a transaction, plus $5 a month to maintain an account, when its program is up and running in New York at the end of the year.

The problem is that most Mexicans do not trust banks. And, if the migrants are undocumented, until recently they could not open accounts. So mostly, the two governments and immigration advocates have focused on remedying those problems: promoting the matricula identity cards issued by the Mexican government and recognized by many banks, urging banks to improve their marketing among migrants and the like. Far less attention has been paid to the question of how remittances are spent — and whether reality bears out the assumption that they are fueling development.

Here in Tulcingo, the evidence is mixed. The money sent over 25 years has transformed the town from a nearly feudal village to a local market hub with a boomtown feel. According to David Bravo, who spent 20 years in New York and returned to open a pizzeria, the hamlet is roughly four times the size it was when he was growing up in the 1960s. Many more of the streets are paved, there are twice as many churches, a good number of the houses sport satellite dishes, and a contribution raised in New York made it possible for the municipality to erect a new hospital building.

The very wares in the stores are different: everything from stereos and washing machines to factory-made toys. And on any given morning, some 20 taxis — cars and vans — line up by the central square: villagers take them from one side of town to another, even though it's hard to devise a trip of more than seven or eight blocks. Still, it's far from clear that much or any of this new wealth would last if migration stopped and the flow of remittances ended.

By far the most conspicuous change is the new houses: dozens if not hundreds of them sprawling out over the landscape — most of them built by migrants or families that run businesses driven by migrants' dollars. The houses come in every size and shape and architectural style. The traditional village house is a concrete box, something like a garage: never more than one story, with iron grillwork covering tiny windows.The new ones are generally two or three stories, often based on an American suburban model — only more baroque.Tell-tale features include arches, gables, diagonals, columns, balustrades and plate-glass windows – not all together, but often in some fairly wild combinations.

The only catch: in Tulcingo and elsewhere in the region,perhaps as many as 40% of the new houses are empty, their owners far away in America. Many of the buildings are not finished: the large arched and gabled frames standing like ruins around the town. In some cases, a family lives on the first floor, while the second story gapes, half-built and uninhabited. But somehow the eeriest are the finished ones: opulent, flamboyant, gleaming — yet vacant, as often as not on an unpaved street where dogs and wild turkeys roam at will pecking at piles of rubbish.

At $15,000 to $40,000 apiece, each house is a big boost for the local economy.The construction business is booming. Huge quonset huts selling bags of cement line the main road into town; loading and unloading supplies is one of the few jobs available to young men who stay in the village. (Most families do the actual building themselves.) And most townspeople are intensely proud of the houses. "They make me feel good," says returned migrant Rafael Velasquez. "They make the town look good. When that person left, he had nothing. Now he can build a big house."

But many migrants who build homes planning to come back to them in their old age find that their plans change over time: once they have children and grandchildren in New York, very few can envision spending much time here. And according to David Bravo, it is almost impossible to sell a house — anyone with enough money to build one wants to design his own.

Those who are enthusiastic about remittance-fuelled development hold out more hope for social projects like the Santa Ana road and the Tulcingo hospital. Arguimiro Lucero, a Tulcingo native who now owns a coffee shop in Manhattan,remembers how he and a handful of friends came together even in their first struggling years in New York to try to do something for the community. The first funds they gathered were for fellow workers: those who had had accidents or died in America — money to send the body home or help support the dead man's family. Soon, though, they were collecting for hometown projects: trophies for the local soccer league, sports equipment, a fund for repairs to the church.And over time,the projects grew more ambitious, culminating in the hospital building, for which, Mr. Lucero says, New York migrants raised $15,000.

Sometimes, the ideas originated in New York, more often in Mexico, growing out of the needs of the town. The core group of givers was never more than six to 10, but as the number of Pueblans in the New York area swelled, the original committee solicited among them, taking in $10 or $20 or $50 from scores and sometimes hundreds of people. A Mexican program called "Three for One" recently began to match their gifts threefold, with federal, state, and local authorities each chipping in a quarter of the total expense for a "productive" project.

The efforts don't always pan out as planned. According to Tulcingo mayor Sergio Barrera,the bureaucratic "Three for One"program sometimes fails to deliver. And he and others — Mr. Lucero included — worry that today's young migrants are proving less socially responsible than their elders. Mr. Barrera says he is still waiting for the New York group to come through with the money it promised for a new baseball diamond. "The same ten people have been giving for 25 years," he explains understandingly. "That's a long time.They're tired, and now they have lives of their own — families and children there."

Still, the results are often impressive. The new Tulcingo hospital, with three full-time doctors, does about 1,700 consultations and 30 simple operations a month. According to Carmelo Maceda of Casa Puebla, a New York organization that helps coordinate this kind of activity, the Tulcingo group is one of 43 hometown associations in the five boroughs of New York City.Last year alone, they sponsored seven major projects in Puebla: a new sewer, a school renovation and a water purification unit, among them. And in some cases now, better-off individual migrants are coming forward to make contributions on their own. See Tulcingo's proudest new acquisition — a spiffy American school bus donated by Queens restaurant-owner Eduardo Pita.

The question for the long run is, what will all of this spending leave in its wake? Does it create jobs? Teach skills? Give the town the capacity to add economic value? Perhaps most important, as former World Bank economist David Ellerman asks,"is it building enterprises that do not live off remittances?" If not, much as the inflow improves the standard of living in a place like Tulcingo, it's hard to argue that it is spurring bona fide development.

Tulcingo certainly boasts more stores, and businesses are far more prosperous than they used to be. According to Mario Riestra Venegas, the founding coordinator of CONOFAM, a national organization that helps migrants abroad, 400 new small businesses were created in the southern Puebla in 2002 alone. Still, few if any of them require new skills, and most are familyrun, with few employees.

Two of the most successful New York Pueblans are investing in bigger enterprises: Felix Sanchez is opening a jalapeno cannery with 300 workers,and Jaime Lucero is building a textile plant that will eventually employ 7,000. The only problem: wages are so high and manpower so scarce in the southern part of the state that both projects are being built up north, far from the migrant-sending region.

In the long run, then, Tulcingo appears caught in a trap.Migrants come to the U.S. to work and make money, but when they send cash back, although it alleviates poverty, it so inflates wages and local rents that it all but prohibits future development. Hopeful observers like Mr. Riestra argue that improving the town's quality of life is a critical first step. "The remittances stabilize these villages," he maintains. "They allow small businesses to grow and help the families who run them stay together — and also prevent the political upheaval that might have occurred had there been no migration.That's development, too — or at least the prerequisites for development."

Maybe so, but while the flow of migration may be tapering, few residents of Tulcingo expect it to end any time soon. "You can find work here now, but you can't earn enough to live," says returned migrant Rafael Rosindo, who owns a paper-goods store. "Apart from family businesses, there's nothing but low-wage construction jobs" — and it costs far more to get by now than it used to. Meanwhile many townspeople aren't sure that even the quality of life is really improving: old-timers like David Bravo complain that the chase after dollars is eating away at traditional values and corrupting the town's youth. Can the remittances be better harnessed? Can incentives be used to channel development more effectively? The potential is certainly there — the money is flowing in. But the challenges are clear — in boom-town Tulcingo and among its friends, in Mexico and abroad.