NARRATOR
A day of entertainment in Arlington, Virginia. The local Latin American community get together to enjoy their own music and culture. They’re part of a global movement of poor migrant workers who leave home, travel to richer countries to work and to send money home to support the families they’ve left behind.

Worldwide it’s estimated that amounts to a staggering $200 billion a year. What impact can it have in the fight against poverty?

To find out more, ‘Life’ has travelled to the United States and El Salvador to uncover this hidden economy.

There have always been economic migrants – people who swap regions, countries, even continents – to find better wages to pay for a better life.

Donald Terry, Inter-American Development Bank
Remittances have been around for generations upon generations. But they are accelerating.

People move North by the millions and money moves South by the billions.

Katie Klingensmith, US Treasury Department
The Treasury Department and the US government is extremely interested in remittances. Until about five years ago we didn’t appreciate the magnitude of the flows, and it’s still very hard to identify how many remittances are leaving the US.

Dr Manuel Orozco, Inter-American Dialogue
This is a global phenomenon. We estimate that there are about $200 billion sent all over the world by some 150 million immigrants.

NARRATOR
One out of every ten people on the planet either sends or receives money from abroad, and unlike all other forms of financial aid that travels into developing countries, remittances go directly to poor people.

Donald Terry
It turns out that remittances to Latin America are more than all of the foreign direct investment and all the official development assistance, all the foreign aid combined.

And er, these are enormous flows going into these countries and they support tens of millions of families.

NARRATOR
Huge sums of money are involved, the way this money is sent from A to B is being revolutionised. Not surprisingly, the banking community is starting to show an interest.

As a result the days of smuggling dollars home may soon be over, together with the expense of using transfer agents.
Robert Annibale, Citibank
The cost of remitting is going down, the more that the banks have become involved, the lower the fees have become.

But I think remittance is much more than a transfer, it’s about relationships between families, two economies.

NARRATOR
The vast majority of economic migrants who come to the United States are from Latin America. More than one million come from El Salvador, a country hard hit by tragedy in the last 25 years. First a bitter 12-year civil war, which ended in 1992, claimed the lives of 75,000 people. Then came a series of natural disasters – Hurricane Mitch in 1998, followed by a number of earthquakes in 2001. Each has contributed to the country’s poverty, and sent tens of thousands in search of work abroad. As a consequence remittances have leapt from less than a billion dollars in 1994 to two and a half billion dollars in 2004 – or roughly 17.1% of GDP.

Today the exodus of workers still continues, and the government has created a special ministerial office for them.

Margarita Escobar, Deputy Minister, Salvadorians Abroad
The war generated a great deal of migration. But then there was another kind of migration that continued during the period of peace and national reconstruction.

These two distinct scenarios led to a quarter of the population living abroad. This has an enormous impact on the political, economical, social and cultural life in our country.

NARRATOR
In rural areas like Tronalagua, up to a third of the people depend on money from abroad. Julio and Ana Cortez are among them. Each month they get $200 from their elder children in Washington. It’s made a world of difference to Julio and Ana and their remaining children.

Julio Cortez
Here is the kitchen – over there you have the utensils. The telephone to call my children. Here is the living room. And this is the refrigerator. In the part above where you have the ice it’s colder and down below it’s less cold.

Here on the entertainment centre is the television. All of this with remittances.

NARRATOR
Some argue remittances are turning El Salvador into a nation of consumers, but in reality most of the money is used to pay for necessities like food and clothing – and in Julio and Ana’s case, improvements on their house.

Ana Cortez
Before the children left, our house had a dirt floor made of clay – it wasn’t like this one. We were afraid it was going to fall down on us, but with remittances we built this house.
NARRATOR
Over 6,000 kilometres away: suburban Washington, USA. This is where some of Ana and Julio’s older children came to find work and to live. They arrived here illegally. First Elmer, in 1998, then Hector, in 1999, and finally Dalila, in 2001.

Dalila Cortez
I suffered a lot en route. I suffered from hunger. We walked for many miles. They hid us in trailers. We were thirsty, exposed to the sun and the rain. After 28 days I reached here.

Elmer Cortez
We came for the American dream. In our countries a lot of people have this dream because of poverty.

Hector Cortez
When you get here you realise it’s more like a nightmare because of how hard you have to work every single day. We came voluntarily because we wanted to look after our families – we need to support our families.

NARRATOR
The Salvadoran government says illegal migration is a risk that many are willing to take. And their problems continue long after they arrive.

Margarita Escobar
If they manage to enter, they have other problems, such as wage levels, labour rights, social security coverage – all the problems of being undocumented that affects migrants to their core.

NARRATOR
Dalila and her brothers are lucky, they’ve received temporary protected status – a kind of amnesty which allows them to work – it was introduced by the US government in 1990 to help people who can’t return home because of conflict or natural disasters, so far it’s been granted to nearly 350,000 Latin Americans. But the permit is temporary. If Dalila and her brothers leave the US, they won’t be allowed back.

Dalila Cortez
Hola…?

Ana Cortez
Hola, como estas?

NARRATOR
A telephone call is as close as Dalila and her mother Ana have been in four years.

Dalila Cortez
I heard on the news that those with temporary permits may be given residency – but they didn’t say when. If they do, then we can visit! I Love you lots. Bye.
NARRATOR
Dalila might prefer to be in El Salvador but there is still a shortage of jobs and a big gap between rich and poor. According to 1999 figures, the richest fifth of the population held nearly half of the country’s wealth; the poorest fifth just 5.6%. Remittances are making a difference to the poorest people, but there are drawbacks. The government admits that for the younger generation ‘success’ means going elsewhere to earn money, and that can dislocate families.

Margarita Escobar
We can see patterns of change in the concept of success for young Salvadorans. They identify it with the word ‘migrate’.

Another effect of migration is the disintegration of the nuclear family. This has had an enormous social impact.

Rosemary Vargas-Lundius, UN agency IFAD
The negative effect is that you have communities that are divided – I mean er… mothers that have to leave their children behind…

There are certain communities in El Salvador where you only find the elderly and the children; I mean what kind of society will that be in the future?

Rosalia Benitez
There are times when one feels a bit jealous, especially when so-and-so is sent money.

NARRATOR
Rosalia Benitez is Julio and Ana’s neighbour, and one of the many people in the community who don’t receive money from abroad.

Rosalia Benitez
The people who don’t get remittances, they say, ‘He should watch his money, because what if the person in the United States dies? What will he do then?’

NARRATOR
Rosalia and her daughters live with seven other relatives. Sometimes there’s not enough food to go round. Even so, Rosalia is determined not to follow the money trail north to America.

Rosalia Benitez
Yes, I have often thought of leaving to work – as a ‘wetback,’ as they say – to help my family. But then I think that I would lose my daughters’ love if I left them. I could send money back into their lives, but what about love and education? It’s not the same.

NARRATOR
Remittances play a huge role in supporting many poor families. But are some countries becoming too dependent on this flow of money?
Rodolfo De La Garzia, Columbia University
Remittances create a safety net that the state doesn’t have to deal with. And the more money you send home to feed, clothe and provide medical attention for your family the less obligation on the state, and the more freedom on the state to engage in any kind of less responsible activity.

NARRATOR
Increasingly, migrant groups in the US are taking on financial responsibilities once left to the state. Known as ‘home town associations,’ groups like this one raise extra cash to send home for community projects. In 2004, more than $2 million was sent back to El Salvador.

Francesco Castro, United Salvadorian Communities
We've been building churches, a Red Cross building. We’ve been driving ambulances from here.

The last project that we had, we had a reforestation project because that’s very critical in my country right now.

We raise money constantly.

NARRATOR
Some communities get so much money they don’t need to rely on the government to fund local improvements.

Manuel Caceres, Chinameca Development Foundation
If you go to Chirilagua and Taltupec, those communities down there they don’t even bother to ask the government. They are self-sufficient they get so much money from the states.

A lot of the kids there in 9th grade, they already have a visa to emigrate.

Donald Terry
The governments themselves in these developing countries need to be doing a much better job than they have been doing over the past 25 years. I think it is very, very important to underscore that remittances are not a substitute for sound economic policies at home, and remittances are certainly not a substitute for foreign assistance.

NARRATOR
None of this is denied by the Salvadoran government.

But in reality, the country has few development options, and increasingly the government is trying to bring the remittances into the mainstream economy.

Margarita Escobar
We have published a book containing all public policies addressed to Salvadorans living abroad and who would like to invest in their country. We offer technological assistance, procedures to set up a business, projects that may be of interest to Salvadorans.
NARRATOR
The government is also working with international development organizations to encourage those who receive remittances to use the money in other productive ways.

Rosemary Vargas-Lundius
They should continue using it for what they receive it for – which is to survive, to send their children to school, to have better shelter and so on – but we can also help them to multiply the effect of these remittance flows in their community.

NARRATOR
With assistance from one UN agency IFAD, Julio and Ana have invested some money into their farm.

Carlos Lopez, IFAD Rural Development Project
We give them an opportunity to invest in the infrastructure of their farms in ways that make them more profitable.

Buying improved seeds and better quality supplies diminishes risks in productivity.

NARRATOR
Julio and Ana used to grow maize and beans, but just for their own consumption. Now they also grow fruit trees and rear more animals, all which earn them a profit of $200 dollars a month.

Julio Cortez
I have more income because I work the land. I don’t live solely from remittances.

NARRATOR
Having opportunities to invest their remittances has helped pull the Cortez family further from poverty.

But what about the rest of the community? Is there a way to spread the benefits?

One answer may be to change how remittances are sent.

The old methods were well known and dangerous. ‘Mules’ or money smugglers would regularly carry thousands of dollars across the borders, and still do.

Money transfer agents are a much more secure route. But transfers and smuggling are still expensive.

Donald Terry
When we started looking at this five years ago, the cost of sending money was often 15-20% of the total remittance. Economists would call that ‘inefficient’ but the real word would be ‘outrageous’.
NARRATOR
Now, with the scent of serious money in the air, some banks are starting to get involved. And that could lead to a reduction in costs, as well as a change in how remittances are transferred.

Katie Klingensmith
In the United States we’ve seen banks increasingly become interested in this market, and it’s partly because they understand that many immigrants in this country stay and become bank customers. Remittances are often what we call a ‘lost leader,’ but it might be something where the bank is losing money in the immediate – they may be offering a five, ten dollar, free remittance service – it’s not free to for a bank to offer a remittance service but they use it as a way to get people in through the door.

NARRATOR
Banks may call it ‘relationship building’ but to poor people who receive remittances, banking can offer new financial possibilities. For example, they could get credit to start a business.

Dr Manuel Orozco
One of the causes of poverty is the lack of access to wealth generation. And you don’t generate wealth just through employment but through asset building. And you build assets through financing, through credit.

Julio Cortez
Who sent you this t-shirt? Dalila sent it. And these shorts? Also Dalila. She’s a great sister!

NARRATOR
The Cortez family do manage to save money – between $10 and $20 a month – if they and people like them put their savings into banks and credit unions rather than under their mattresses, it’s estimated it would add another $250 million to the country’s economy. And that means more money for banks to loan to others.

Rosemary Vargas-Lundius
So even families that are not receiving remittances could benefit because they will have a financial institution nearby that can provide them with services to which they didn’t have access before.

NARRATOR
A good example is Rosalia, Julio and Ana’s neighbour. Still determined not to leave her children and migrate North, she’s recently been able to obtain a small loan from a local credit union. Money that wouldn’t have been available to her just a few years ago she’s now invested in rabbit farming.

Rosalia Benitez:
I love it and up to now I’m very content. With the money we buy eggs, cheese, cream, cooking oil, some noodles and sometimes I take the girls on an outing.
NARRATOR
Indeed, aiding the flow of money to poor rural areas and to people like Rosalia may be the most important effect in the current transformation of the remittance market.

In Washington, this woman is sending money to her family in El Salvador through a company specially set up to connect to micro finance institutions – small banks and credit unions – in remote areas. Here the broader economic impact of remittances could be the most beneficial.

But such changes are slow in coming, and in the meantime, families will continue to make sacrifices as a means of survival.

Interview
When did you last see your children?

Ana Cortez
One was seven years ago, the other four years ago. Two were four and one was three and the last was two – two years ago.

Dalila Cortez
It’s been hard on our parents but I know that our help makes them feel better. They know we are doing well here because we talk to them every week and send them money and they know we are okay.

NARRATOR
Being apart is hard, but the opportunity to earn better wages is why the Cortez children – and many like them – head for America. But as remittances increase, and with better ways of harnessing that wealth, perhaps one day the real opportunities will be found in El Salvador. Until then the exodus of workers is bound to continue.