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The Bonds that Build

By Ezra K. Fieser

CAJOLA, QUETZALTENANGO – People in the U.S. know well Guatemala's aromatic coffee and bananas. Everyone, now and again, comes across a "Made in Guatemala" label on a shirt or pants. But in small towns throughout Guatemala, the most valuable thing the country grows has nothing to do with agriculture or sewing factories. The money migrants living in the U.S. send home is more beneficial to local economies — especially in poor towns — than any product.

By signing the Central America Free Trade Agreement, the countries cemented Guatemala's future as an export economy; the mass production of products for foreign markets is supposed to create jobs and opportunities that will lift people out of poverty.

Neither supporting growth in the export sector, nor opening the economy to foreign investment has done much for the poor. The truth is that family provides the greatest economic tie between the U.S. and Guatemala. It provides the greatest legal source of foreign income for Guatemalans. And it has supplied the building blocks of prosperity to hundreds of thousands of poor people.

One in three Guatemalans receives money from someone living abroad. Most of it goes to people in the poor Highlands, populated by indigenous Maya.

Across the country, people in small towns and big cities line up monthly at the post office to receive a money order from a family member living abroad.

A majority of the estimated 1 million Guatemalans living in the United States send remittances each month. With it, families build homes, they buy cars, they construct lives that offer a glimpse of something more than the delicate balance of poverty and family. The money provides some hope.

trade agreements deal with goods and services, not people. But for countries such as Guatemala, the worker is its most important export.

In February, I attended a two-day conference on migration. It brought together dozens of prominent minds from across the Americas. Six Nobel Peace Prize laureates spoke. Former presidents. Current vice presidents.

The conference featured a stale, but important, message: The United States needs comprehensive immigration reform. Included were speeches by two undocumented immigrants who were deported after the raid on a meat-packing plant in Postville, Iowa. Their hard-luck stories drew standing applause.

None of it stood out, except the message of a handful of Catholic bishops and priests who work in areas heavily transited by migrants. They pointed out that products flow across borders freely, but Guatemala is put at a disadvantage because its largest "product" is restricted.

"Today, the rights of migrants are being punished by anti-immigration policies," said Reverend Monsignor Pablo Vizcaino Prado, president of Guatemala's Catholic Bishops Council.

"We'd like the Guatemalan migrant to be seen as a richness, the greatest richness that Guatemala exports."

I wondered what would happen if Guatemalan labor could really move freely to the United States. Would local Guatemalan communities fair better or worse?

As such a community does not exist, I found a close second.

CAFTA does not address migration. Free

NESTLED IN A SMALL valley in the



Eduardo Jimenez (center), in his office in Cajola, talks to students whose parents can't afford to buy the notebooks they need to keep them in an otherwise free school.

a dirt path behind his house. The path separated fallow cornfields from a row of newly constructed concrete block homes.

“Almost no concrete houses were here when I left” for the United States, he said.

Jiménez decided to leave his small town because “there was nothing here. There were no jobs. Nothing. And I was a kid, you know. You get that ‘oh, my town sucks, I gotta get out of here’ thing when you’re a kid.”

He left on a Tuesday evening with a group of friends from the town who had scraped together for a down payment to the coyote who led them into the Mexican desert and across the California

highlands about six hours west of Guatemala City, Cajola is one of hundreds of towns built on migration.

By all appearances, Cajola is a typical Maya town. (Located in an area predominantly populated by Qechi Maya, Cajola is one of eight small towns inhabited by the much smaller Mam linguistic group.) Agriculture has long been its backbone, with families raising enough corn, beans and chickens on small plots of land to feed their families. They supplement their harvests with purchases at the town’s teeming market, which opens two days per week.

After a few hours in the town, a distinction that at first went unnoticed began to present itself: Women outnumber men by at least 2-to-1, maybe more. Migration among young men is rampant. About one-third of the town’s 18,000 residents live in the United States today, far more than the national average of about 7 percent.

“It’s a completely different way of life than it was when I was young,” said Eduardo Jiménez, who migrated illegally at the age of 15 in 1996. “We were pretty much the first ones to go *mojados*.” The term means wet, and is commonly used to signify migrating illegally.

“Now, it’s like automatic. Once you’re of a certain age, you go,” he said.

I met Jiménez early in the morning on

border to Los Angeles. He shared a one-room apartment with six other men, squeezed in there “like we were little sausages in a can. It



was pretty gross," he said.

Jiménez stuffed flyers under car windshield wipers by day and worked odd jobs at night. After paying rent and for food, he had enough left over to send something home every month.

"That was the idea. I didn't want to live in the U.S. I just wanted to go up there, make some money, build a house and buy a car and then come back to my family," he said.

He spoke no English and had little idea of how to acclimate himself to his new life. He recalls distributing flyers one afternoon when a UPS driver came walking toward the parking lot. "Man, I threw those flyers up in the air and when sprinting," he said. "I ran all the way home and locked the doors. I told one of my roommates not to go the window because the *federales* were looking for me. I didn't know the U.S. didn't have *federales* like they do in Mexico. I mean, they were dressed in that brown suit, so I figured they were officers."

A few years later, he followed a cousin to New Jersey, where, he was assured, jobs were plentiful in construction. There, he earned more, enough to send home hundreds of dollars a month.

While he was in the U.S., hundreds, then thousands,

of other Cajola residents followed his path. It was an exodus repeated throughout Guatemala and throughout Central America. Migration experts say some 20,000 to 30,000 Central Americans attempt to migrate each year.

"After a while, Cajola started losing its young men," Jiménez 's 70-year-old mother told me over lunch. "They just kept leaving and leaving. Their wives would get pregnant and they'd leave to find work. We had babies. We had women. We had old people, like me. But we didn't have young men. We had some, but it wasn't the same."

Demographics weren't the only thing changing in Cajola. The town was undergoing a physical transformation. Monthly \$400 money orders began piling up. Residents tore down adobe homes and went to work on two-story concrete-block homes with tiled floors, wraparound decks and arched windows.

Cajola immigrants, working construction jobs in the bristling U.S. real estate market, were paying for a mini housing boom back home. Shops peddling hardware to new homeowners opened on a burgeoning main street in the town's center. Cement-block dealers began competing with each other, driving down prices. In a town where automobiles were once a rarity owned only by a handful, car washes sprung up.

The U.S. was the principal benefactor of this growth.



Cajola seen from a nearby ridge.



Two Mayan women walk past an old adobe home which sits next to a new concrete-block home.

It seemed that everyone was getting a money order in the mail.

The same thing was happening across the country and throughout Central America. During those years, remittances became a fundamental part of Guatemala's economy. In 2008, migrants sent home \$4.3 billion, a sum worth roughly 12 percent of the country's gross domestic product. For comparison, the value of the country's famous coffee, its largest agricultural export, was worth \$646 million. And foreign investors spent \$724 million in Guatemala in 2007, according to the World Bank.

Economies of developing countries around the globe rely heavily on the money migrants send home. Few are tied as directly to the U.S. as the economies of Central American countries, where hundreds of small towns, such as Cajola, grew dependent on remittances in recent years, the World Bank's lead economist for the region, J. Humberto Lopez, told me.

"For the past 25 years, the growth rate of remittances has been fantastic," he said, noting that the flow of funds to Latin America increased from \$2 billion in 1980 to more than \$60 billion last year.

Remittances, on average, in Latin America and the Caribbean represent 2 percent of GDP. In Central America, it's nearly 11 percent, Lopez said. "I think it's fair to as-

sume that in some areas [in Central America] remittances can account for fifty percent of the economy."

For a small town, the injection of cash can cause overnight changes. Such was the case in Cajola when Jiménez returned. In 2005, Jiménez was shot in the face in New Jersey in a case of mistaken identity. Although he had gained legal residency, he decided to return to the town.

When he got back, the town was nearly unrecognizable.

"It was like *bam*, overnight there was something there," he said. "We went from nothing. This place with a bunch of cornfields to a little town. I mean nobody had even seen a computer when I left. Now, we have two Internet cafes."

Determined not to let the town's newfound wealth start and end with concrete homes and new cars, Jiménez opened Grupo Cajola, an organization that pushes for social changes and plans development projects.

"It was important to me that we do something that would help with the poverty," Jiménez said. Despite the improved livelihoods marked by solid homes, more than 90 percent of the town was living in poverty in 2005, according to government statistics. As in many other Latin American countries, remittances in Guatemala help to im-

prove the quality of life for recipients, but they don't alleviate poverty entirely.

The group started a scholarship fund. Only one Cajola resident had graduated university, Jiménez said. Now there are three students enrolled in programs. It also convinced the government to open a free primary school. It operates out of a classroom next to the cooperative school where the federal government, the town and the families each pay a portion of the expenses.

The changes had a downside, too. Some of the town's residents with whom I spoke blamed a rising crime problem on the absence of fathers.

Economists say that remittances can become a disincentive to work or plan for a family's future in small towns. That was evident on the days I was in Cajola. Residents were planning giant parties every night, complete with a freshly butchered cow and copious amounts of alcohol. It wasn't a holiday week. In fact they weren't celebrating anything save for maybe the end of a Tuesday, as joyous as that might be.

"It's hard to get them to understand the value of saving and planning because they've never had money before," said Caryn Maxim, a New Jersey resident who met Jiménez years ago and now regularly visits Cajola to assist with social projects. "They treat money like its food or water; use it until it's gone. It's understandable that they're like that. But it's also frustrating because you can't change their minds."

AN ESTIMATED 80 PERCENT OF THE money sent home by migrants goes to poor families. The senders are predominantly males between the ages of 20 and 44 working in construction. Roughly 70 percent are in the United States illegally.

AS in other Latin American countries, residents pay for basic necessities, such as food, transportation, communication and appliances with the money received. Despite the way Cajola residents appeared to mispend the money, Guatemalans have more of a tendency to invest the money than recipients in other countries. A 2005 study by the World Bank found that some \$500 million had been spent on housing construction and that some 300,000 recipients are business owners using the money to supplement their income. One-third of those businesses operate in agriculture, an industry shunned by financial institutions but key to the many rural communities, the report notes. What's more, families that receive remittances spend more of their household budget on education than families that do not receive remittances.

Economists say remittances have become both an important part of the country's macro picture as well as a foundation of local economies. And because of the dependence on remittances, they are likely to continue to grow.

I was curious as to where remittances fit in the coun-

try's economic picture, in particular how it related to the strategy of export growth the country was pursuing.

Vince McIlhenny, an economist who has studied the relationship, said migration and remittances are key to the overall health of Central American economies. As countries pursue economic changes, which include the signing of CAFTA, remittances will become more important, not less.

Why? He says governments promote migration as a de facto social policy because it helps to fill the macroeconomic void being created under their newly liberalized economies. The money being sent home helps to equalize the trade deficit being created by open markets.

Not surprisingly, the Guatemalan government says it does not support illegal migration to the United States, but it does recognize the benefits of the remittances being sent home.

Economic numbers supports McIlhenny's theory.

As I have written in previous newsletters, the signing of CAFTA has opened Guatemala's doors to duty-free U.S. imports. In turn, the trade surplus it long enjoyed with the U.S. — its largest trading partner — has eroded and has now been reversed.

In the period since the end of its civil war, Guatemala's trade balance with the U.S. grew rapidly, peaking in 2002 when it exported \$752 million more worth of goods than it imported. In 2008, U.S. saw a \$1.3 billion trade surplus with Guatemala, thanks in large part to CAFTA.

Remittances rose sharply as the trade deficit expanded. In 2005, the last year in which Guatemala saw a trade surplus, migrants sent home roughly \$3 billion. By 2008, it had risen to \$4.3 billion, an increase of 43 percent, a jump that far outpaced the growth from 2002 to 2005.

Of course, the average Guatemalan is not keeping an eye on the trade balance.

Guatemalan economist Eduardo Ordoñez, a professor at San Carlos University in Quetzaltenango, said the factors fueling the growth in remittances are the same factors that have fueled a growth in migration. Since the end of the civil war in 1996, the country's economic shifts have damaged the agricultural sector, particularly on small farms, fueling an increase in migration and, therefore, an upswing in remittances.

Per capita agricultural production underscores Ordoñez's point. The year after the end of the civil war, the index that scores per capita output of agricultural products peaked. Since then, it has fallen steadily, recently reaching levels not seen since the early 1960s when the land disparity in Guatemala was arguably at its worst.

The point made by both Ordoñez and McIlhenny is

that the Guatemalan economy relies on remittances as much as the people of small towns do.

Remittances are not part of the government's economic strategy, per se, but one government official told me it would be impossible to replace the economic benefits derived from that flow of cash.

A snapshot of what life without remittances might look like has recently been on display, thanks to the faltering U.S. economy.

JUST AS IT GREW UP SOLELY ON remittances, Cajola is now suffering the effects of being overly reliant on a single source of income.

According to Guatemala's central bank, the flow of money dropped this year for the first time since 2000. Remittances sent home in February were down 11 percent compared to a year earlier, to \$282 million.

Lopez, the World Bank economist, said remittances to Central America will likely fall 10 to 15 percent this year. It would be the first annual decline since the bank began tracking the flow of remittances 15 years ago.

"What we're seeing is directly tied to the U.S. labor market," he said. "The sectors where migrants were working have been hardest hit. The workers are now struggling to take care of themselves. There's not extra money to send home."

In Cajolá, Jimenz estimates the average amount a family receives fell from \$400 to \$100 in the past year.

"Remittances were the pillar of our economy, the basis

for the progress we'd made. Without them, everything is harder," Jiménez said.

The effects have been widespread. On a recent week-day, out-of-work construction hands lined up on street corners hoping to find a job for the day. A local cement block dealer said he hadn't made a sale in a week. An elementary school teacher dropped by Grupo Cajolá's office looking for notebooks. Parents, who couldn't afford the \$3 for materials, had threatened to pull their kids out of school, the teacher said.

Physically, the town is a disarray of boarded-up, half-built block homes pierced with rusting iron rebar.

At one of the few still-active construction site, dozens of men pass by each morning looking for work.

"We go day by day," said Ruben Majia, who is overseeing the construction of the single-family home for a cousin, who is in New Jersey. "People come every day, but I can't hire them. We don't have enough money to pay them."

In a neighboring town, men who once worked steadily at local construction site gather in groups, looking for a job for the day. Two years ago, the groups didn't exist, the men said. "There was enough work in my town. I didn't need to come here," said Carmilo Morales, a 46-year-old who earns about 50 or 60 quetzales (about US\$7) on the days he gets work. "I used to work at a concrete block factory. Now people stopped buying the blocks."

I met Julia de Huinil, a 24-year-old woman raising an 8-year-old son in a shabby room behind her parents' house.

Her husband, Fredy, went illegally to Georgia six years



Cajola, a small town in western Guatemala, has been transformed by the remittances migrants living in the United States send home. But as that money dried up, the town has been left with dozens of half-constructed homes.



Concrete blocks stack up at a nearby factory. The drop in remittances has effected every part of the area's economy, most directly those related to construction.

ago with plans to send home money to build a house like the neighbors did. Now, she's relying on her family and friends to feed her child.

"We don't have anything now. At least when Fredy was here we had a family," she said. "He hasn't seen his son in six years. Only pictures."

I reached Fredy by phone at an apartment he shares with other Guatemalans in Chamblee, Georgia, on the outskirts of Atlanta.

"She has no job. There's no work for her. The money I sent was the only money they had," he said about his wife and son.

Huinil, who earns \$6 per hour stocking shelves at an Asian grocery, said he used to send home the money he earned working extra hours in landscaping. Those jobs have dried up.

"Now I send \$100 or \$200 every two months or maybe every three months. After I pay for my rent and food there's not much left."

THE EXAMPLE OF CAJOLÁ SHOWS the migrant workforce can improve lives for Guatemalans. It can also be the source of pain. For many Cajolá families, things have crumbled just as quickly as they improved.

Jiménez reminded me of the two faces of the economic benefits of

remittances just as I was readying to leave his office.

He began to recall his journey north at the age of 16.

"You know, now that I think about it, the worst thing about it wasn't the trip. I was scared, but I was also excited. And I was a kid, so I didn't know any better," he said. "The worse thing was when I was there and settled, there were all these rumors that because of the end of the war all Guatemalans, no matter where, had to come home. And I wanted to come home, I did. Everyone was excited and proud because the war was over and Guatemala was in the news all the time. But I remember thinking that I couldn't go and I couldn't be there with my family because if I went home, I couldn't make the money to send home for my father to pay off the coyote for

my trip. He put up his land as collateral for my trip."

He pointed out to the plot of land, a postage stamp of churned up dirt and a few overturned rotting corn stalks. The concrete-block homes Jiménez had built around it were one of a hundred examples I'd seen of progress Cajolá residents had built with remittances. Set off the side, however, one house sat unfinished. Weeds grew taller than the open door frame. His brother, struggling to find work, stopped sending home money a year ago and started drinking heavily.

"We built a life here off the United States and now we're suffering the consequences. It's like having a little part of the U.S. economy right here." □



Day laborers, a scene more familiar to residents in the United States living in areas populated by many migrants, line up on a town street to wait for a job for the day.

Current Fellows

Elena Agarkova • RUSSIA
May 2008 - 2010

Elena is living in Siberia, studying management of natural resources and the relationship between Siberia's natural riches and its people. Previously, Elena was a Legal Fellow at the University of Washington's School of Law, at the Berman Environmental Law Clinic. She has clerked for Honorable Cynthia M. Rufe of the federal district court in Philadelphia, and has practiced commercial litigation at the New York office of Milbank, Tweed, Hadley & McCloy LLP. Elena was born in Moscow, Russia, and has volunteered for environmental non-profits in the Lake Baikal region of Siberia. She graduated from Georgetown University Law Center in 2001, and has received a bachelor's degree in political science from Barnard College.

Pooja Bhatia • HAITI
September 2008 - 2010

Pooja attended Harvard as an undergraduate, and then worked for the *Wall Street Journal* for a few years. She graduated from Harvard Law School. She was appointed Harvard Law School Satter Human Rights Fellow in 2007 and worked as an attorney with the Bureau des Avocats Internationaux, which advocates and litigates on behalf of Haiti's poor.

Eve Fairbanks • SOUTH AFRICA
May 2009 - 2011

Eve is a *New Republic* staff writer interested in character and in how individuals fit themselves into new or changing societies. Through that lens, she will be writing about medicine and politics in the new South Africa. At the *New Republic*, she covered the first Democratic Congress since 1992 and the 2008 presidential race; her book reviews have also appeared in the *New York Times*. She graduated with a degree in political science from Yale, where she also studied music.

Ezra Fieser • GUATEMALA
January 2008 - 2010

Ezra is interested in economic and political changes in Central America. He is an ICWA fellow living in Guatemala where he will write about the country's rapidly changing economic structure and the effects on its politics, culture and people. He was formerly the deputy city editor for *The News Journal* (Wilmington, DE), a staff writer for *Springfield Republican* (Springfield, MA) and a Pulliam Fellow at *The Arizona Republic*.

He is a graduate of Emerson College in Boston.

Suzy Hansen • TURKEY
April 2007 - 2009

A John O. Crane Memorial Fellow, Suzy will be writing about politics and religion in Turkey. A former editor at the *New York Observer*, her work has also appeared in *Salon*, the *New York Times* Book Review, the *Nation*, and other publications. She graduated from the University of Pennsylvania in 1999.

Cecilia Kline • CENTRAL AMERICA
January 2009 - 2011

Cecilia is a graduate of Georgetown University, Loyola University Chicago School of Law, and the University of Chicago School of Social Service Administration. In 2007 she began with Casa Alianza in Tegucigalpa, Honduras providing outreach for youth living on the street. As an ICWA Fellow she will write about youth-service programs from several Central American cities as a participant observer.

Derek Mitchell • INDIA
September 2007 - 2009

As a Phillips Talbot Fellow, Derek will explore the impact of global trade and economic growth on Indians living in poverty. He has served for the past year as a volunteer for Swaraj Peeth, an institute in New Delhi dedicated to nonviolent conflict resolution and Mahatma Gandhi's thought. Previously he was a Fulbright scholar in India at the Gandhi Peace Foundation. He has coordinated foreign policy research at George Washington University's Institute for Communitarian Policy Studies and worked as a political organizer in New Hampshire. Derek graduated with a degree in religion from Columbia University.

Raphael Soifer • BRAZIL
April 2007-2009

Raphi is a Donors' Fellow studying, as a participant and observer, the relationship between the arts and social change in communities throughout Brazil. An actor, director, playwright, musician and theatre educator, he has worked in the United States and Brazil, and has taught performance to prisoners and underprivileged youth through People's Palace Projects in Rio de Janeiro and Community Works in San Francisco. He holds a bachelor's degree in Theatre Studies and Anthropology from Yale University.

Since 1925 the Institute of Current World Affairs (the Crane-Rogers Foundation) has provided long-term fellowships to enable outstanding young women and men to live outside the United States and write about international areas and issues. An exempt operating foundation endowed by the late Charles R. Crane, the Institute is also supported by contributions from like-minded individuals and foundations.

ICWA Letters (ISSN 1083-4303) are published by the Institute of Current World Affairs Inc., a 501(c)(3) exempt operating foundation incorporated in New York State with offices located at 4545 42nd Street NW, Suite 311, Washington, D.C. 20016. The letters are provided free of charge to members of ICWA and are available to libraries and professional researchers on our web site.

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