

Immigration Inc. — Sending money home is big business

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NEW BEDFORD — Every two weeks, Juan Ortiz wires about half of the pay he earns building Jacuzzis here back home to his family in Honduras. He has been doing this faithfully for two years.

The money, he said, pays for food and clothing for his parents, as well as school fees for his younger brothers. He is saving what he can for a plot of land in Honduras, where he plans to return.

"Working here, and sending money home, is better than working there," he said, explaining he can earn more here in a week than he could in months of work in Honduras.

The exchange rate from Honduran pesos to the U.S. dollar is very favorable, making his money worth more for his family. He manages to save money by living in a New Bedford apartment with three other immigrants, who also send much of their paychecks home to loved ones. Mr. Ortiz is in the country legally, although many of those immigrants who send money back home are not.

Around the world, millions of immigrants like Mr. Ortiz are sending billions of dollars back home.

One sweaty wad of bills or Western Union moneygram at a time, they form what could be called Immigration Inc. — one of the biggest businesses on the planet.

Mass migration, experts say, has spawned an underground economy of staggering proportions.

Globally, remittances — the cash that immigrants send home — totaled nearly \$276 billion in 2006, the World Bank said. Remittances have more than doubled since 2000, and with globalization increasing the number of people on the move, there's no end in sight.

If these guest workers incorporated as a company, their migrant multinational would rank No. 3 on the Fortune 500 list, trailing only Wal-Mart and Exxon Mobil in annual revenue.

Remittances "are larger than direct foreign investment in Mexico, tea exports in Sri Lanka, tourism revenue in Morocco and revenue from the Suez Canal in Egypt," World Bank economist Dilip Ratha said in a recent report.

And unlike the conventional economy, more cash tends to change hands in an economic downturn, political crisis, natural disaster famine or war.

Counterterrorism officials say al-Qaida and other groups are financed in part through informal money transfer networks called hawalas. Governments and the International Monetary Fund have been working to regulate those.

There are other downsides: fears of brain drains and a vast permanent army of economic exiles, and the untaxed earnings flowing out of host nations.

The U.S. lost \$41.1 billion in 2005, according to the World Bank, while Switzerland watched \$13.2 billion trickle out of the country that year.

— Across Latin America, remittances hit \$62 billion last year and are projected to top \$100 billion by

2010, the Inter-American Development Bank says. Mexicans wire home the most cash — nearly \$22 billion — most of it earned in the U.S.

— India is the world leader in remittances, taking in \$23.7 billion in 2005 and an estimated \$26.9 billion last year, the World Bank says. Western Union, traditionally one of the most frequently tapped money transfer companies, says its share of Indian transactions has grown at least 90 percent over each of the past six quarters.

— Immigrants from Albania, one of Europe's poorest countries, will send more than \$1.3 billion back to their homeland this year. That's 13 percent of Albania's GDP and enough to finance half the trade deficit.

Members of New Bedford's Portuguese community still send a lot of money back home, according to Fernanda Coelho, the Portuguese Consul here.

"My feeling is they're still sending a lot of money to Portugal," Ms. Coelho said. "We know because people tell us that it's happening."

In 2006, Portuguese immigrants living in the United States sent \$280 million back to Portugal, according to figures from Banco de Portugal. While that amount is down about 10 percent for the first six months of 2007, it means that more than \$100 million has flowed from the U.S. to Portugal via remittances this year.

Wire transfer windows in New Bedford, like the one at Central Foods Market in the South End, do a steady business. The window, which is open during business hours, is most active on Fridays and on weekends, after people have received their paychecks.

Manuel, a Honduran native who did not discuss his immigration status, arrived in New Bedford two months ago and found a job in fish processing on the city's waterfront. Each month, he wires about half of his paycheck to his elderly father back home in Honduras.

"He's poor, and he wouldn't be able to keep the house," if not for the money he sent home, he explained. "There are not a lot of opportunities for me there. There are more here."

One immigrant from El Salvador who stood in line with Manuel and Mr. Ortiz said he has been sending a little less than half his pay home to his wife and children every week for 11 years. When asked how long it has been since he has seen his wife and children, he replied in his native Spanish, "Eleven years."

"They depend on what I send them home," he said. When he first came to the United States, he said, he planned to stay for three or four years. Then a hurricane damaged the family's home in El Salvador, and he has stayed to earn money to repair it.

"Without my help, I don't know how my kids would succeed without the money I send home," he said.

But some see drawbacks.

Much of the world's migration is illegal, and although many immigrants work at menial jobs, some are doctors, engineers and other professionals. Their departure can mean a brain drain of highly trained personnel and create an immigration culture.

"Migration creates more migration," said Ilir Gedeshi, director of the Center for Economic and Social Studies in Albania, whose emigrants have stashed an estimated \$14 billion in foreign banks. "It's a cycle. The next generation has to leave because there are no jobs being created for them here."

Elvin Meka, secretary-general of the Albanian Association of Banks, offers a blunt warning: "We export human beings, and they send us cash," he said. "Young people are addicted to the idea of leaving. That's the biggest crime in this country. The government is killing their dreams."

In the former Soviet republic of Moldova, globalization has unleashed a troubling exodus.

More than 600,000 of its 4 million citizens are believed to be working abroad, and since Jan. 1, 900,000 have applied for citizenship in neighboring Romania. Though emigrants sent back \$920 million in 2006, more than the entire national budget, the trend has some officials wondering how much of a country will be left to govern.

"If we don't create conditions for higher wages and new jobs, people will just continue to emigrate," said Sergiu Sainciuc, Moldova's deputy economy minister.

Others don't see a problem.

Mugur Stet, spokesman for Romania's central bank, denies that remittances — which hit \$7.3 billion last year — are artificially propping up the ex-communist country's economy.

"We see new homes, new businesses," Mr. Stet said. "When they come back, it's with a capitalist mentality. These Romanians may turn out to be better citizens than those who stay home."

Material from The Associated Press was used in this report.

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