

Chapter 19

Remittances: A Key Factor for Economic Change and the Reduction of Poverty in Latin America – The Case of Guatemala

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ABSTRACT

International remittances to developing countries are growing and are more than foreign direct investment or the official development aid. More of the 3.2% of global population are living abroad and the trends will increase in the next decades, involving skilled and no skilled workers. Developing countries in Latin America receives 15% of all international remittances and six countries (México, Guatemala, Dominican Republic, Colombia, El Salvador and Honduras) in the region received more of the 70% of all the remittances in 2013. By coincidence, this six countries have a lack to develop and large pockets of poverty, much of which is concentrated in those areas from which migrants come. The remittances are palliatives to poverty in their countries and help their families to reduce their poverty. In many cases, the remittances are the seed for new small and medium enterprises in Latin America, with not enough access to financial services.

MIGRANTS AND THE REMITTANCES

Migration is not quite a new phenomenon. From Africa to Asia to Europe and to America, migration is part of the human history. The new phenomenon is the State as we understood today. This has its origins after the war of the thirty years (1648), with the signing of the agreements of Westphalia, which give rise to the modern state, the concept of national sovereignty and the concept of the nation state.

The independence of the United States was in 1776 and more than half of the member countries of the United Nations did not exist as such until after the end of World War II in 1945, which also founded the United Nations. The world's largest economy, USA, was founded by migrants and is one of the main recipients of them today. The United States Census Bureau estimated that the number of foreigners born in the USA calculated nearly 13% of total population (United States Census Bureau, 2012).

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Remittances

According to World Bank (2014) nearly 1 of 7 persons in the world is an international or an internal migrant, growing awareness of the importance of migration around the world. To 2013, 3.2% of the world population is living abroad. The same study destroyed a myth about migrations: “In contrast with common perceptions, South-South migration was larger than South-North migration: 82.3 million (or 36 percent) of migrants from developing countries lived in another developing country, compared to 81.9 million (or 35 percent of migrants from the South) lived in a developed country” (World Bank, 2014, pp. 2).

The movement of people across borders is and will remain part of humanity, which is considered “new” in the term migrant, as stated in the UNESCO Glossary on Migrants and Migration: “any person who lives temporarily or permanently in a country where he or she was not born, and has acquired some significant social ties to this country”. (UNESCO. International Migration and Multicultural policies, 2015).

In the same web page, the UNESCO mentioned the United Nations Convention on the Rights of Migrants (unesco.org) and defines in the article 2.1 a *migrant worker* as: “a person who is to be engaged, is engaged or has been engaged in a remunerated activity in a State of which he or she is not a national”. The UNESCO also clarifies the term to make a difference with migration by political situations: “The term ‘migrant’ in article 1.1 (a) should be understood as covering all cases where the decision to migrate is taken freely by the individual concerned, for reasons of ‘personal convenience’ and without intervention of an external compelling factor.”

With the definitions explained above, for these analysis, a migrant means: “any person who lives temporarily or permanently in a country where he or she was not born, who voluntarily chose to live and work in a remunerated activity in the State of which he or she is not a national”.

As the United Nations (2015) states, migration and its importance to the world has increased in recent decades and more people than ever are living abroad (www.un.org). In a conference of the UN Department of Economic and Social Affairs (UN-DESA), the highlights of the press release in the next summary presented in Table 1.

The purpose of the international migration of workers going to places where they are more productive, is looking to increase their income; with this increase of income, the family remittances reduce poverty in their countries of origin. According to the website of the World Bank “Generally, remittances reduce the number and severity of poverty, and lead to: increased human capital accumulation; increased

Table 1.

3.2% of the world’s population or 232 million people are living abroad worldwide, compared with 175 million in 2000 and 154 million in 1990.
The United States remains the most popular destination, but Europe and Asia host nearly two-thirds of all international migrants worldwide.
<ul style="list-style-type: none">• Europe remained the most popular destination region with 72 million international migrants in 2013, compared to 71 million in Asia.• Asia saw the largest increase of international migrants since 2000, adding some 20 million migrants in 13 years. This growth was mainly fuelled by the increasing demand of foreign labor in the oil-producing countries of Western Asia and in South-Eastern Asian countries with rapidly growing economies, such as Malaysia, Singapore and Thailand.
However, the world’s largest corridor of international migration is between United States and Mexico. US gained the largest absolute number of international migrants between 1990 and 2013—nearly 23 million, equal to one million additional migrants per year.
Seventy four per cent of international migrants are of working age, between 20 and 64 years of age.
Women represent the 48% of all international migrants.

Source: Author’s compilation based on (UN, 2014)

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