

MIGRATING INTO FINANCIAL MARKETS



HOW REMITTANCES
BECAME A
DEVELOPMENT TOOL

MATT BAKKER

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Matt Bakker

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PART I

The Remittances-to-
Development Agenda at the
Global Scale

CHAPTER I

Introducing the Remittances- to-Development Agenda

*Migration, Remittances, and Development —
Three Vignettes*

This book explains how migrant remittances became a development tool around the turn of the new millennium. This was the active accomplishment of policy entrepreneurs and experts intent on transforming the way that people around the world viewed and acted upon remittances. The following three vignettes offer an initial glimpse at the actors, historical events, and fundamental contradictions at the heart of this story.

KEEPING THE MONIES FLOWING IN TIMES OF CRISIS

The global financial crisis unleashed in 2008 threatened, among many other things, to erode the high volume of remittances that international migrants send back home to the global South, monies that had come to be seen—as we will see throughout the course of this book—not just as a lifeline for poor families but also as a promising source of development finance. The aggregate amounts of money migrants sent across borders declined in 2008 as a result of the financial calamity, but the declines

did not last long. By 2009 global financial flows had stabilized and would start to grow again in the coming years. How did this happen? Were migrants somehow immune to the effects of the financial crisis, the crippling unemployment, economic uncertainty, and financial ruin it brought to so many ordinary people the world over? Maybe not. Robert Meins, a remittances expert from the Inter-American Development Bank, one of the most important international financial institutions working at the intersection of migration and development, suggested in an industry newsletter that a whole different dynamic was at work. He explained that:

The defining characteristic of remittances is that they are seen as a family obligation. Senders are more likely to cut back on their own consumption than to reduce the amount of money they send to their families. Unlike speculative flows or foreign investment, therefore, profit motives do not drive remittance levels. As a result, changing economic or political risks and natural disasters will not negatively impact the decision to send. . . . [Emerging evidence suggests] that immigrants are working longer hours to compensate for lower wages, switching sectors after job loss, responding to labor demand and/or local immigration enforcement by moving from one state to another, and even tapping into their savings to maintain remittance levels. *(Migrant Remittances, 2008: 8–9)*

For experts in the international institutions intent on drawing out the developmental potential of remittances, this was good news. Migrants exhibited the requisite adaptability and willingness to keep the monies flowing. There would be no significant long-term effects of the financial crisis on worldwide remittance flows. Whether migrants themselves—who engaged in these multiple forms of self-exploitation and experienced firsthand the pain and disruption necessary to keep sending

monies home—celebrated this reality as much as the remittances experts did is a completely different question.

THE HEROIC MIGRANT AND THE END OF MIGRATION

One of the central promises of change that former Mexican president Vicente Fox made in the run-up to his victorious election in 2000 was that he would govern on behalf of 118 million Mexicans—a number that included the 100 million people residing within the territorial confines of the Mexican nation-state as well as the 18 million *mexicanos en el exterior*, the imagined community of Mexican migrants and their descendants living abroad. In recognition of their economic contributions to Mexico and their continued commitment to the nation, Fox often referred to those *mexicanos en el exterior* as heroes. In this, President Fox was part of an expanding chorus of leaders from major migrant-sending states, from Ireland to the Philippines, who have celebrated the heroic contributions of migrants to their homelands over recent decades. For Fox, this heroic imagery took perhaps its grandest form on December 3, 2000, just three days into the presidency. That day Fox held his first public event and opened the official presidential residence, Los Pinos, for a meeting with migrant leaders. In his official address, the newly inaugurated president waxed eloquent about the spirit and tenacity of the migrant, about the set of characteristics that migrants shared with a curious amalgam of historical figures:¹

It is in each humble, poor, successful, and triumphant migrant where we realize the capacity that we carry within us all, that potential that I would almost say is unlimited but which we ourselves sometimes can't see, that we only discover when we are

facing a challenge and when we begin to struggle to overcome those obstacles and to reach our goals. That is when the true spirit of man comes out, a spirit that we all carry within us.

Just to cite a few of the great figures of humanity: that capacity that Gorbachev had, or Juan Pablo II, or Martin Luther King, or Gandhi, or Mandela, or Walesa, who on their own, because they decided to fight for something big, because they decided to reach for the unreachable—they transformed humanity, they transformed borders, they transformed and they changed chilling and painful realities. That spirit, that capacity is in the soul of each migrant.

That is why it was indispensable for us that our first visit here, in Los Pinos, the first formal act, was held with you, because we want to infect ourselves with that spirit, we want to follow your example and we want for all of Mexico, the 100 million Mexican men and women that are living here in our beloved country struggling day in and day out, that wake up each morning to get to work, for all of us to do it with the energy, *con los pantalones, con las faldas* with which you all have struggled and have met with success.

(Fox Quesada, 2000b)

And yet, despite this laudatory characterization of migrants, in literally his next breath, Fox spoke of his dream of a nonmigratory future: “We see in the future a dream, and that dream is that every youngster, every adolescent, every child of ours can stay at their family’s side, that they can stay here in Mexico, that they can grow, can realize their dreams and their own transcendence here in their homeland.” This duality, this schizophrenic portrayal of heroic migrants as the utmost representation of what humanity has to offer while at the same time representing mobility across borders as a social ill to be done away with in the future, continued to be a main theme throughout Fox’s administration and that of his successor, Felipe Calderón. It would not be a stretch to say that this contradictory framing

has seeped to the very core of Mexican state-policy discourse on migration.

THE LIMITS OF MIGRANT INCLUSION

In March 2002 the governments of the United States and Mexico formally announced a new “Partnership for Prosperity.” Although U.S.-Mexican relations had cooled following the events of September 11, 2001, as the administration of George W. Bush prioritized its War on Terror over the further integration of North America, the partnership sought to combine the forces of the public and private sectors to foment regional development and expand economic opportunities for individuals across Mexico and the United States—including the inhabitants of the traditional migrant-sending regions of Mexico whose limited economic possibilities could lead to further outmigration.

Government officials in the local offices of the Federal Deposit Insurance Corporation and the Mexican Consulate in Chicago took this initiative and ran with it. Beginning in May 2003 they jointly formed the New Alliance Task Force (NATF) and worked with local banks, credit unions, and community-based organizations to encourage financial inclusion by expanding the financial-education opportunities and banking services available to Mexican immigrants in and around the city. This innovative transnational collaboration bore real fruits. In no time the government officials had dozens of financial institutions involved in the initiative. It served as a valuable conduit to share information about the legality of providing financial services to the undocumented. Its working groups also helped to create innovative new financial products for this community, such as the ITIN mortgage, which relies on an individual

Taxpayer Identification Number supplied by the IRS rather than the Social Security Number—ubiquitous but unavailable to undocumented migrants. But this successful partnership would not last. Anti-immigrant pressure groups challenged the FDIC's participation in a program providing assistance to “illegal” immigrants. Thus began the slow and silent death of the NATF. It would seem that this program to *include* migrants and their monies in the formal financial system escaped the limits of what was possible in a period marked in so many other ways by the tendency to *exclude* the undocumented from the institutions of mainstream America.

. . .

These brief vignettes offer a window into the efforts of various actors who worked to reframe our understanding of the importance of migration, migrants, and their monies for the global economy and, in the process, turned remittances into a development tool. They also illustrate the growing confluence of the transnational engagement policies of migrant-sending states like Mexico and the market-centric development policies of international financial institutions. And finally, they help us see how policies designed to include migrants and their monies within financial markets fit uneasily in a political environment marked in so many other ways by efforts to exclude migrants—particularly the undocumented—from social, cultural, political, and economic institutions. These are the major themes explored throughout this book.

INTRODUCTION

At the beginning of the new millennium a new tool for development suddenly appeared on the global stage: remittances.

These are the monies that transnational migrants, usually poor, “unskilled” labor migrants from the global South, transfer to friends and families back home. Often sent in amounts of little more than a few hundred dollars at a time, the aggregate amount of remittances flowing to the so-called developing countries in 2013 was estimated to be somewhere on the order of 414 billion U.S. dollars (Ratha et al., 2013). This staggering amount of money has led political leaders and policymakers around the world to begin imagining remittances as “an important resource for the development of poor countries” (Iglesias, 2005: x).

To be sure, migration scholars have long debated how their object of study and the remittances generated through the process of labor migration either contribute to or impede development in migrant-sending regions. Significant debates played out in the 1980s and 1990s, for example, between optimistic and pessimistic scholars about the relation between remittances, consumption, productive economic activity, and development in Mexico and other major migrant-sending countries (Alarcón, 2002; Binford, 2003). But something exceptional was happening at the turn of the millennium, as national governments, international development organizations, and groups in civil society ratcheted up the enthusiasm about remittances and their great potential to kick-start development processes in the migrant-sending regions of the global South. As remittances gained visibility in recent years, the existence of earlier scholarly debates was all but ignored, and the potential developmental impacts of remittances were presented as an entirely new discovery.² (See Terry, 2005.)

Claims about the impact and importance of this new object of development seemed only to gain steam as the decade of the 2000s unfolded. Across the world, official statistics documented

extraordinary growth in migrants' remittance transfers. Scholars and policymakers pointed out how the determinants and essential characteristics of remittances, founded as they are in familial relations and obligations, made them a valuable source of development finance for a variety of reasons. Not least of these reasons was the apparently "countercyclical" nature of remittance flows, which meant that they would tend to rise when needed most, following natural disasters or economic downturns (Ratha, 2003). The euphoria around remittances and development reached such staggering heights that by mid-decade even some analysts close to the World Bank were forced to ask whether remittances had become "the new development mantra" (Kapur, 2005). Certainly, the infatuation with remittances waned somewhat in the aftermath of the global financial crisis initiated in 2008, but not completely. The flows may have momentarily dropped, in some cases precipitously, as declining economic activity meant fewer migrants ventured to the global North, but policymakers around the world continued to pursue opportunities to exploit remittance flows for the purposes of "development."³

The primary concern of this book is to explain how these private resources, these paltry sums of money from some of the world's least affluent people, came to be so widely seen as a public resource, as a promising source of development in the new millennium. To do this, I untangle and examine the discursive and political practices of a variety of actors from across multiple geopolitical scales, whose intellectual work and on-the-ground efforts helped to generate a consensus around the view that remittances constituted a promising development tool and around a preferred set of market-based policy solutions that promise to spur development by incorporating migrants and their monies into global financial markets. This consensus forms what I term

the “remittances-to-development agenda” or R-2-D agenda. Given that the U.S.-Mexico “remittance corridor” (Hernández-Coss, 2005) has been a leading canvas on which this policy construction has been sketched, significant attention is given to the making and implementation of this agenda in North America.

The market-based policy solutions at the core of the R-2-D agenda are not the only alternatives available to policymakers intent on exploiting cross-border migration and the resources it generates for developmental purposes in migrant-sending regions and countries. Another much-celebrated policy option relies less on the abstract forces of the market and more on the collective agency of migrants themselves to promote development back home. Mexico pioneered public policy seeking to capitalize on migrants’ collective agency (and resources) with its *Tres por Uno* matching-grant program, designed to channel funding toward community-development and public-infrastructure programs in migrant-sending villages and towns. (See Goldring, 2002; Merz, 2005; Fernández de Castro, García Zamora, and Vila Freyer, 2006; Michael Peter Smith and Bakker, 2008; Iskander, 2010.) The success of the *Tres por Uno* program came not simply from its policy design but, perhaps more important, from its ability to foster lasting relationships between migrant leaders and state officials. This would facilitate an “interpretive” policymaking process with state officials and migrant leaders working together to co-produce the matching-grant program (Iskander, 2010).

Similar dynamics of state officials’ “acting with” migrants (Iskander, 2013: 169) underlie other historical successes in remittances and development policy, such as the Moroccan government’s successful initiative in the 1970s to bring migrants’ remittance transfers into the formal banking system and to use

these monies to fund major national development projects. The success of “Operation Moroccan Workers Abroad,” as that program was known, relied on an extensive “strategy of accompaniment,” through which government officials developed trust with migrants, came to understand the barriers impeding their use of the formal banking system, and helped migrants to overcome those barriers (Iskander, 2013).⁴

These types of policies certainly face their own difficulties in solidifying the nexus between migration and development. The *Tres por Uno* program, for instance, has sometimes been criticized for prioritizing projects that respond to the desires of absent migrants—funding the construction of rodeo rings or the beautification of town plazas, for example—more than to the lived realities and needs of current residents. It would not be difficult, however, to imagine modifications to such public-private partnerships that would make their development aspirations more strategic and bring migrant remittances and public resources together for more focused infrastructure projects designed to foment community and economic development in the areas where it is needed most.

But this type of public-private partnership, based in a mutual respect for the collective agency of migrants and for government, has not been popular with the purveyors of the R-2-D agenda. In this age of market fundamentalism, any policy option calling for extensive and high-profile government actions to lead the drive toward development is seemingly off the table. The policy entrepreneurs⁵ driving this agenda have promoted instead market-based policies that would rely on the agency not of organized migrants or enlightened government officials but of financial institutions seeking clients and profits in a competitive market to achieve the elusive connection between migration and

development.⁶ Despite the market-fundamentalist rhetoric, the design and application of such market-based solutions—ironically enough—would itself require significant governmental work. As we will see below, such governmental work included *knowledge work* to reimagine the importance of migration and the remittances it generates for development in the global South; *policy design and diffusion work* drawing up and spreading various policies that promised to incorporate migrants and their monies within financial markets and institutions as a means of promoting (financial) development; and the *work of subject formation*, both teaching officials in banks and credit unions about the benefits to be had from offering financial services to migrants and remittance recipients and providing migrants, their friends, and families with the financial education and literacy they would need to act as good financial subjects.

Analyzing these various forms of governmental work, *Migrating into Financial Markets* illustrates how the proponents of the R-2-D agenda have helped to spread the image of migrants' remittances as a promising if underutilized tool for development. It also shows their success in laying out a preferred set of market-based policies that have largely displaced alternative policy approaches. Such achievements, however, do not mean that the agenda and its associated policy program have been an unqualified success. As we will see over the course of the book, the effects of all the governmental work animating the agenda have been uneven. Even if the agenda's proponents may have been successful at getting the world to view remittances as an enticing pool of untapped capital that could be leveraged by financial markets and institutions, the market-based solutions that they advocate have not (yet?) reached their promise.

CONTEXTUALIZING THE
REMITTANCES-TO-DEVELOPMENT AGENDA

In order to provide a broader contextualization for the emergence of these policies and practices, the remainder of this introduction discusses two prominent features of the contemporary global political-economic terrain that help to situate the recent (re)discovery of remittances by development policymakers and practitioners. These broader contextual features are: (1) the state-led transnationalism (Goldring, 2002) of migrant-sending states looking to exploit transnational migration as a development strategy; and (2) the continuing dominance of market fundamentalism (see Somers and Block, 2005; Block, 2007; Block and Somers, 2014) in the arena of international-development policy and practice. As these two dynamics increasingly came together by the early 2000s they helped cement the R-2-D agenda's consensus around the importance of remittances, their strategic value as a tool for development, and the types of market-based policies and institutional changes necessary to turn their potential developmental impacts into reality.

MIGRATION, STATE-LED
TRANSNATIONALISM, AND DEVELOPMENT

Since 1995, the government of the Philippines has celebrated a "Migrant Heroes Week" every June. In an expression of just how profoundly the heroic migrant has changed official representations of the territoriality of the Filipino nation, a government official speaking at an event opening the festivities in the year 2000 proclaimed, "Philippine territory goes beyond what we once knew. It extends now to Australia, to the United States, and [so forth]. What used to be Bayang Filipino [Filipino Nation] is now

Mundong Filipino [Filipino World]” (quoted in Rodriguez, 2010: 78). A similar discourse on heroic migrants and the extraterritorial extension of national boundaries can be observed across a number of other migrant-sending countries as well. Consider the case of Ireland. When the country’s president-elect, Mary Robinson, took office in 1990 she painted a portrait of Ireland and its citizens stretching all across the globe. In her inaugural address, Robinson stated, “there is a vast community of Irish emigrants extending . . . throughout the continents of North America, Australia, and of Europe itself. There are over 70 million people living on this globe who claim Irish descent. I will be proud to represent them” (quoted in Levitt, 2001: 195). These rhetorical gestures, and the policy interventions migrant-sending states undertake to implement these visions of an unbounded national community, raise an important question about whether and how contemporary transnational migration has come to undermine the nation-state’s presumed triple correspondence between sovereignty, territory, and political community.

This question has been the object of a vibrant academic debate over recent decades among students of migrant transnationalism.⁷ Although scholars may argue over the causes and consequences of these recent policy innovations, there is little disagreement that something significant is under way when migrant-sending states become engaged in extraterritorial political activities designed to cultivate and maintain ties with their migrants living abroad. While these efforts may not serve to completely delink the nation-state, with all its powers and capabilities, from its territorial moorings, they do appear to extend extraterritorially the (trans)national development project, the boundaries of national identity and community membership, and the rights and responsibilities of citizenship. What is driving

migrant-sending states to pursue such extraterritorial projects? What types of policies give life to these projects? And how have they dovetailed into the R-2-D agenda?

The extraterritorial policy initiatives of migrant-sending states, aimed at fomenting and reproducing transnational livelihoods among migrants, have been analyzed by a number of authors using varied conceptual language to describe the policies, from “state-led transnationalism” (Goldring, 2002) to “global nations” (Levitt and de la Dehesa, 2003) and “diaspora engagement” (Gamlen, 2008). These conceptual distinctions notwithstanding, analysts generally agree on the content and objectives of these policies. The policies are aimed at encouraging migrants to both successfully incorporate within destination societies and to maintain a variety of intensive and ongoing connections with the homeland. This is part of a strategy of sending states to manage the “perils and promises of emigration” (Fitzgerald, 2009: 19). The exact institutional mix of transnational-engagement policies varies across sending countries, as Gamlen’s (2008) cross-national comparison amply documents, but they usually include some combination of policies inducing migrant investment in the homeland (Goldring, 2002; Saxenian, 2006; Iskander, 2010), granting dual nationality and extraterritorial political rights (Itzigsohn, 2000; Martínez Saldaña, 2003; Itzigsohn and Villacrés, 2008; Michael Peter Smith and Bakker, 2008; Escrivá, Bermúdez, and Moraes, 2009), offering expanded government services abroad (Délano, 2009), and cultivating continuing identification with the homeland (González Gutiérrez, 1999; for a general discussion of these policies, see Levitt and de la Dehesa 2003; Østergaard-Nielsen, 2003; and Gamlen 2008).

Explanations for the turn to state-led transnationalism tend to center on the political and economic interests of sending

states. Political interests can be understood as driving the turn toward transnational-engagement policies in a number of different ways. The adoption of state-led transnationalism is often an effort to shape the sending state's emigrants into an effective ethnic lobby within the polity of the receiving state, a lobby that can advocate on behalf of the interests of the sending state within the receiving polity (de la Garza and Pachon, 2000; Østergaard-Nielsen, 2003). In addition, as these policies have become increasingly prevalent in recent decades, there may be political pressure from the international arena for sending states to mimic the efforts of other states, adopting policies that have become an international norm (Levitt and de la Dehesa, 2003). Luis Guarnizo and Michael Smith (1998) emphasize the economic aspect, arguing that as a result of global economic restructuring, migrant-sending states have become dependent upon foreign investment, and this leads to a "growing dependence on transmigrants' stable remittances [prompting] sending states to try to incorporate their 'nationals' into both their national market and their national polity by a variety of measures" (Guarnizo and Smith, 1998: 8). The policies adopted by countries around the world to link the economic skills and resources that their emigrants have acquired abroad to economic development back home vary around the world. These include efforts by Mexico and other countries to foment migrants' collective investment in community infrastructure projects (Fernández de Castro, García Zamora, and Vila Freyer, 2006; Michael Peter Smith and Bakker, 2008; Iskander, 2010; Portes and Zhou, 2012); policies by China and India to induce highly skilled, wealthy migrants to help transform the national economy through their investments, skills, and connections (Portes and Zhou, 2012; Eischen, 2013; Yi, 2013); and even efforts like that of Morocco to channel migrant

remittances through state-owned banks to help finance large-scale infrastructure projects (Iskander, 2010, 2013).

Understood as driven by the political and economic interests of sending states, state-led transnationalism can come across as an effort at strategic repositioning, something of a counter-hegemonic project of peripheral and semiperipheral states to improve their positions within the capitalist world-system. Such a portrayal implies that these policy complexes—and the transnational practices they encourage among migrants—may run counter to the interests of more dominant receiving states in the global North.⁸

Recent scholarship has endeavored to undermine these and similar suggestions that state-led transnationalism policies promoting migrant reincorporation are antithetical to the interests of the receiving states and civil societies, questioning the common assumption that immigrant incorporation and transnational engagement are mutually exclusive political possibilities (Oboler, 2006; Portes, Escobar, and Arana, 2008; Michael Peter Smith and Bakker, 2008). A continuing engagement with the homeland does not need to work against incorporation and integration into social and political institutions in the receiving country if we recognize the possibilities for a “simultaneity” of experience and practice across borders (Levitt and Glick Schiller, 2004). Survey research on Latino migrant organization in the United States finds that “migrants and their organizations carry on their everyday activities along parallel tracks that do not appear to contradict, but actually support one another. Transnationalism and political incorporation proceed simultaneously, as local happenings interact seamlessly with those in the home countries” (Portes, Escobar, and Arana, 2008: 1085). This supports the findings of other case-study research demonstrating the compatibility of homeland

and hostland political practices and orientations, as migrants are increasingly acting politically on both sides of the U.S.-Mexico border, living their lives “in terms of and/also rather than either/or possibilities” (Michael Peter Smith and Bakker, 2008: 204).

But what about the economic aspect? Is state-led transnationalism antithetical to the economic interests of receiving states and civil societies? Apparently not. At least not if we look at the actions of receiving states in recent years. As scholars of transnationalism have gone about their work of demonstrating the compatibility of transnational engagement and immigrant incorporation, sending states pursuing state-led transnationalism have increasingly found common cause with officials from receiving states—as well as policy entrepreneurs from within international development institutions—in their efforts to connect migrants and their monies to their (trans)national-development projects. At the level of state and international elites, the fears and accusations about the perils of migrant transnationalism, about the necessary incompatibility of state-led transnationalism with the interests and objectives of the migrant-receiving states of the global North, appear to hold little sway. What explains this increasing policy convergence? On the one hand, state leaders from both North and South appear convinced that the promotion of development in migrant-sending countries and regions will generate more expansive economic opportunities and thus eliminate the economic-push factors thought to compel outmigration. Shared action by sending and receiving states can be seen as the pursuit of a win-win scenario where achieving policy success would mean expanded economic opportunity and development in the global South along with a reduction of (unauthorized) migration into the global North. On the other hand, and perhaps more important, migration and development policy have proved fertile terrain for actors

across multiple scales of political authority to respond to recurring preoccupations with global poverty, inequality, and injustice with “market-based solutions” that would extend rather than reverse neoliberal globalization.

THE WASHINGTON CONSENSUS AND BEYOND:
THE CONTINUING SIGNIFICANCE OF MARKET
FUNDAMENTALISM IN DEVELOPMENT
POLICY AND PRACTICE

The neoliberal reforms that swept the world from the mid-1980s forward became known as the “Washington Consensus.” This term was used to signify the “set of rigid strictures that mandated privatization, deregulation, and liberalization” (Roy, 2010: 15) for the debt-strapped countries of the global South reliant on the assistance of international financial institutions in the aftermath of the 1980s debt crisis. The tenets behind this Washington Consensus, as Stiglitz (2001) has pointed out, were deeply marked by market fundamentalism, a faithlike belief in the power of markets to solve all manner of social ills (see Block, 2007); these policies were derived from the belief that “it is government interventions that are the source of the problem; the key to transformation is ‘getting the prices right’ and getting the government out of the economy through privatization and liberalization” (Stiglitz, 2001: xiv). The impact of this neoliberal transformation was devastating for most people in the global South, as privatization, liberalization, deregulation, and austerity resulted in the simultaneous loss of both jobs and state subsidies on basic necessities, with little return on the rosy promises of accelerated economic growth and generalized well-being (Davis, 2006; McMichael, 2012).

As a result of these devastating impacts, the strict policy mandates of this Washington Consensus came under increasing fire from both grassroots movements and policy insiders by the late 1990s. Movements and activists from across the global North-South divide were beginning to come together in movement spaces to directly contest the neoliberal project and to begin imagining and constructing alternatives. These movement spaces included protests designed to disrupt negotiations over global trade rules, such as the 1999 protests at the World Trade Organization's ministerial meetings in Seattle, as well as gathering spaces where activists met to share experiences and contemplate alternatives to neoliberal globalization. Examples of the latter included the Inter-Continental Encounters for Humanity and Against Neoliberalism organized by the Zapatista movement in Chiapas, Mexico, in 1996 and across Spain in 1997 (de Angelis, 1998) and the meetings of the World Social Forum, originally held in Brazil beginning in 2001 (Ponniah and Fischer, 2003; Jackie Smith, 2004; de Sousa Santos, 2008).

In addition to this grassroots opposition, prominent mainstream voices like those of the former World Bank chief economist, Joseph Stiglitz, criticized the International Monetary Fund (IMF) and its Washington Consensus for their market fundamentalism and for their prohibitions against government interventions that might help correct market failures (Stiglitz, 2002) and ameliorate the pain inflicted on the citizenry. This growing criticism led Stiglitz and others within the World Bank to begin talking about the emergence of a "post-Washington Consensus" (Stiglitz, 1998; see also Roy, 2010: 15-16) that, they hoped, would strip market-fundamentalist beliefs away from development policy. Growing recognition of the failure of neoliberal policies even forced some of the main architects of the

neoliberal policy agenda, such as John Williamson, the originator of the term “Washington Consensus,” to acknowledge that “the results of the past decade [had] been disappointing” (Williamson, 2003a: 327) and to begin contemplating alternatives.

The erosion and decline of the Washington Consensus in the early years of the new millennium would not, however, lead to a retreat from market fundamentalism in global-trade and development-policymaking arenas. Far from it. A 2003 publication penned by John Williamson and other prominent policymakers and political entrepreneurs working in and on Latin America illustrates the dominant direction that policymaking took in response to the deep criticisms levied upon the neoliberal agenda of the 1990s and shows the staying power of market fundamentalism. Summarizing the new consensus among these prominent policymakers, Williamson advocated for new actions to “complete, correct, and complement” the reforms of the 1990s (Williamson, 2003b: 18). The actions prescribed to Latin American governments involved fully implementing the first round of recommended neoliberal reforms, including a full liberalization of labor markets; undertaking a new set of “second-generation” institutional reforms; and addressing the need to pursue not economic growth at any cost but growth with equity (Williamson, 2003b: 18).

Jamie Peck and Adam Tickell (2002) provide us with valuable conceptual language to understand this moment, this extension and deepening of neoliberal reforms. They identify the existence of multiple phases of neoliberalization, which they understand as an active process rather than a reified state. The first of these phases was that of “roll-back” neoliberalism, characterized by the dismantling of state institutions of social protection and economic regulation or, in their words, a “pattern of deregulation

and dismantlement.” A second phase involves “roll-out” neoliberalism, which they define as “an emergent phase of active state-building and regulatory reform” (Peck and Tickell, 2002: 384). The recent efforts to “complete, correct, and complement” (Williamson, 2003b) the neoliberal policies of earlier years are clear demonstrations of this phase of “roll-out” neoliberalism on the global scale.

This doubling-down on neoliberal reforms is strikingly reminiscent of what Karl Polanyi (2001) argued so many years ago: that advocates of economic liberalism regularly resort to the claim that its failures are due to incomplete application, to governments’ unwillingness to swallow the medicine and allow for the unfettered operation of the self-regulating market. According to economic liberals, the problems generated by the application of their radical philosophy are not due to the dangers inherent in the self-regulating market itself, but instead “interference with [the competitive] system and interventions with [the self-regulating] market are responsible for all our ills” (Polanyi, 2001: 150). Much like the nineteenth-century economic liberals analyzed by Polanyi, in the face of the repeated failure of market-fundamentalist-inspired policies, today’s economic (neo)liberals advocate not a retreat from their policy agenda but the further extension and deepening of their preferred policies.

This continuing commitment to market fundamentalism can be seen in the development industry’s widespread embrace over recent years of “private-sector development,” a strategy of using business and entrepreneurship to alleviate poverty—striving, as the common refrain goes, to “make markets work for the poor.” As a 2009 report from the United Kingdom’s Department for International Development (DFID) frames it, there is a growing consensus that the standard policies of market liberalization are

not enough to adequately address global poverty. If we want to address this latter objective, the report argues, “it is now widely accepted that specific measures are needed to ensure that the poor participate. Growth needs to be made available to all in order to address rising inequality, and provide opportunities and the capability to participate in markets” (DFID, 2009: 15).

Private-sector development can take on a variety of different meanings. In some cases it is invoked as a means of suggesting that “private enterprise belongs at the very center of the development enterprise” (Brainard and LaFleur, 2006: 2) because the private sector is the true “engine of growth,” and it is “broad-based growth which generates the jobs and incomes which get people out of poverty” (DFID, 2009: 9–10). For others, the private sector’s main contribution to development is its capability to expand markets and bring needed goods and services to the global poor, who represent a low-margin but highly profitable mass of consumers and clients at the “bottom of the pyramid” (Prahalad, 2004). Another formulation suggests that a main contribution of the private sector to development is its ability to transmit the values and practices of business—particularly its efficiency—to the global-development arena (Hossain, Mehta, and Wolcott, 2010: 15–16). Each of these formulations of private-sector development, despite their differences, carries the taint of market fundamentalism, centering the power and agency of markets and private industry to do good in the world and deemphasizing the historical and structural causes of global poverty and inequality.

Within this broad constellation, the most prominent formulation of private-sector development and its potential for improving the lives of the world’s poor is undoubtedly the field of microfinance. The microfinance approach is at the center of what Ananya Roy (2010: 45) terms the “Washington Consensus

on Poverty,” a new common sense that “promotes a market-based approach to poverty.” At the core of this Washington Consensus on Poverty is the idea that the democratization of finance holds the key to poverty alleviation and progressive social transformation; that providing access to credit and capital will serve to unleash the inherent entrepreneurial energies of the poor and allow them to work their own way out of poverty and misery.⁹

Urban land-titling schemes are another much-celebrated form of private-sector development. These seek to regularize land-ownership among inhabitants of informal housing settlements, thus providing the world’s poor with documentation of formal ownership that could be used as collateral, granting them access to financing and unlocking their inherent entrepreneurial potential (de Soto, 2000). One of the major proponents of this strategy has been the Peruvian neoliberal economist Hernando de Soto, whose popular writings have given the topic a wide audience. With support from the World Bank, in the mid-1990s de Soto’s Institute for Liberty and Democracy undertook a large-scale land-titling pilot project in Peru that would eventually regularize nearly one million irregular plots (Mitchell, 2009: 390). Although the pilot project carried out in Peru did not have its intended effects—there was not a significant rise in beneficiary households’ access to business credit—this empirical outcome did little to undermine support and advocacy for this market-based solution, as land-titling programs were circulated among policymakers and economics teachers around the world as models of best practice (Mitchell, 2009). In the end, the ideological commitment to market-based solutions, to rugged-individual entrepreneurialism as the solution to rampant poverty, trumps any empirical test of the effectiveness of private-sector development.

It is in the context of this dominance of market-based solutions in the discourse and practice of global development that we must place the emergence of the R-2-D agenda and its construction of remittances as a development tool. Doing so generates an understanding of contemporary migration and development policy that differs substantially from much of the critical scholarship that has amassed in recent years. The meticulous scholarship of Natasha Iskander, for example, has valuably identified the processes through which successful migration and development policies were constructed in Mexico and Morocco in decades past. As noted above, the key to successful policymaking in these places was an “interpretive” rather than an “analytic” process: policymakers did not start with a preset policy objective but got involved in “interpretive engagement,” working to develop trust in migrant communities and leaders, to construct relationships with migrant leaders, and to learn from one another in ways that would allow them to co-produce successful policy (Iskander, 2010, 2013).

This is a compelling description of the processes that gave life to successful migration and development policy in the past. However, it does not provide much leverage in the present context. In the chapters to come I aim to show how the most prominent migration and development policies circulating throughout the globe in the new millennium—those emanating from the R-2-D agenda—are driven by an *ideological commitment* to market fundamentalism, not by an analytic or interpretive policymaking process. The policy entrepreneurs promoting these market-based policies from within global development agencies, policy think tanks, and nongovernmental organizations, as well as migrant-sending and migrant-receiving states, are involved in the continuing “roll-out” of neoliberal globalization, bringing

it to previously ignored and excluded domains. Complementing other forms of private-sector development, the R-2-D agenda aims to extend the institutions, products, and subjectivities of global finance into the transnational social spaces created and inhabited by migrants, their families, friends, and loved ones through the promotion of a series of market-based solutions that promise to leverage the extraordinary sum of “newly discovered” migrant remittances for development.

RESEARCH METHODS AND DATA COLLECTION

The R-2-D agenda is a complex object of study that demanded a multimethod research approach tracing across multiple sites the transnational forces and multiscalar processes involved in its constitution and application. The multiple sites for research included the policymaking spaces of international financial institutions, U.S. and Mexican state agencies, and nongovernmental organizations where the R-2-D and other migration-oriented policy agendas are being formulated; and the sites where the R-2-D agenda is being put into practice in North America. During fieldwork carried out in 2008 and 2009, I collected documentary, interview, and participant-observation data documenting the design of the agenda and its implementation in North America in those spaces where elite policymaking comes face-to-face with migrant communities on the ground.

Research having begun years after the R-2-D agenda had taken shape, the most important data collected were historical—archival and documentary evidence pertaining to the content, consolidation, and diffusion of the R-2-D agenda. I collected and analyzed documents detailing the remittances-related policy models and preferences, funding priorities, and

practices of diffusion of the international financial institutions most responsible for elaborating the R-2-D agenda, the World Bank and the Inter-American Development Bank/Multilateral Investment Fund. In order to understand how state-led transnationalism came into convergence with the R-2-D agenda in North America I examined migration-related policy statements and political speeches by Mexican federal officials, focusing largely on the period after Vicente Fox took the presidency in 2000. As Mexican state-led transnationalism policies increasingly involved collaboration with U.S. government agencies in efforts aimed at the financial inclusion of migrants and their monies in North America, I also collected documents and materials from the agencies in both governments most actively involved in these efforts, including the Federal Reserve Banks, the Federal Deposit Insurance Corporation, the Instituto de los Mexicanos en el Exterior, the Banco de Ahorro Nacional y Servicios Financieros, and the Banco de México.

This historical documentary material was supplemented by data acquired through in-depth interviews with some of the central actors involved in the construction, consolidation, and application of the R-2-D agenda. Fourteen formal interviews were conducted with program officers in international financial institutions, officials within agencies of the U.S. and Mexican governments, and with officials in the banks and credit unions in the United States targeting Mexican migrants as potential customers. Half these interviews were conducted in person, while the others were conducted by telephone; each was tape-recorded and transcribed. These semistructured interviews sought to elucidate the dynamics involved in constructing and diffusing the R-2-D agenda and to understand the meaning and value that various public officials attributed to the work they carried out.

Finally, in focusing on the application of the R-2-D agenda in North America I identified various financial-education schemes being directed at migrants and remittances recipients, as well as promotional efforts directed at banks and credit unions. I then sought out strategic sites where I would be able to observe this work in action. These sites included the education and recruitment efforts and events carried out by U.S. and Mexican government agencies and their allies. Engaging in participant observation at these allowed me to informally interview and converse with government officials, bank and credit-union officials, and migrants of various stripes. This provided access to the content of these financial-educational campaigns, their achievements thus far, and the obstacles perceived by these various actors to the recruitment of migrants into formal financial institutions.

NAVIGATING THE CHAPTERS TO COME

Migrating into Financial Markets examines the work of constructing, promoting, and implementing the R-2-D agenda with the aim of enhancing our understanding of the concrete governmental work that has gone into making remittances a development tool, or at least attempting to do so. The chapters that follow analyze the various forms of governmental work—knowledge work, the work of policy design and diffusion, and that of subject formation—carried out by public officials and policy entrepreneurs intent on making the R-2-D agenda a success. Through this work the proponents of the R-2-D agenda extended market-fundamentalist ideas and practices into previously excluded or ignored domains—the transnational social spaces created and maintained by migrants and the remittances that traverse those spaces. It is hoped that the grounded and contextualized

examination I offer in the following pages of this extension and deepening of neoliberalization helps to provide a compelling accounting of how the “messy actualities” (Larner, 2000: 14) of neoliberalization played out in this specific project.

The two chapters composing Part One, “The Remittances-to-Development Agenda at the Global Scale,” document and analyze the concrete governmental practices carried out by actors within major international financial organizations and development agencies that worked to enhance the visibility of remittances as a potentially attractive tool for development. Chapter 2 examines the work involved in constructing remittances as a financial flow particularly well suited for development in the global South. This chapter is fundamentally about the power dynamics and politics of expertise involved in recent controversies over remittances data, their measurement, compilation, and representation. The chapter examines the work of a small number of policy entrepreneurs within a handful of international financial institutions, development agencies, and think tanks that went into the design and spread of particular measurement and representational practices. Particular attention is placed on these actors’ deployment of the “soft power” available to them as officials in reputable international agencies—manifested through grant monies provided to collaborators and public challenges to the capacities and reputations of government officials who initially resisted the power and legitimacy of their new remittances data, measurement techniques, and representational practices—as they sought to standardize remittances data across the Latin American region. The chapter also notes the broader successes achieved by these policy entrepreneurs and their allies with the incorporation of their new remittances measures and instructions within the latest statistical manual published by the IMF.

Chapter 3 then turns to an analysis of the conceptual and policy work carried out by actors within the financial institutions and development agencies after they successfully made remittance flows visible to governmental officials and the international community. This chapter details and unpacks three sets of policies designed and promoted by purveyors of the R-2-D agenda that promise to link remittance flows to development in the global South. These policy constructs suggest that remittances can be linked to development by (1) reducing the cost that migrants pay for remittance transfers, (2) by using remittances to democratize finance, and (3) by constructing new market-based development-finance mechanisms from cross-border remittance flows. The analysis of the significant governmental work required to make these so-called market-based solutions a reality demonstrates the wide gulf that exists between the ideology of market fundamentalism and the practice of neoliberal globalization. This analysis also illustrates that the agency behind making remittances a development tool is not simply the abstract logic of capitalism itself, or the faceless power of governmentality, but specific individuals, institutions, and interventions working to enact concrete political-economic transformations through the construction and promotion of the R-2-D agenda.

Part Two, entitled “The Long Road to Financial Democracy in North America,” is also made up of two chapters. These chapters shift the analytic focus to the transnational scale, charting the evolution of Mexican state-led transnationalism from the 1980s to the present and identifying its increasing convergence with U.S. government policies in furtherance of North American economic integration. Chapter 4 develops an analytic distinction between the emigrant and emigration policies pursued by the Mexican government over these three decades, placing

particular emphasis on the policies of the period from 2000 forward. The chapter documents how, following the events of September 11, 2001, these emigrant and emigration policies have largely converged around an R-2-D model, where it is hoped that the resources generated through contemporary migration may be channeled toward development in Mexico that may obviate the need for continued migration in the future. Chapter 4 sheds new light on the policy content and dynamics driving state-led transnationalism. First, it demonstrates that the contemporary state-led transnationalism policies being pursued by the Mexican government in the social spaces of North America have taken on a market-centric tint. The policies examined are aimed both at extending market logics and mechanisms deep into migrant populations and at channeling the resources generated through migration into development programs and projects. Second, the chapter shows that the form of state-led transnationalism being pursued by the Mexican government, with its emphasis on expanding the power of markets within migrant populations, has been forged in strong collaboration with agencies and government officials from the United States.

Chapter 5 then turns attention upon the on-the-ground policies and practices carried out by government officials in North America, focusing on a particular program that has promoted “financial democracy” among migrants and remittance recipients. The chapter analyzes the work carried out by Mexican and U.S. government officials collaborating in the design, implementation, and promotion of a low-cost remittance-transfer product marketed under the brand name “Directo a México.” With this product, government agencies aimed to both reduce the costs of remittance transfers and expand access to financial services for migrants in the United States and remittance recipients in

Mexico. The chapter illustrates the significant work required of government officials attempting to turn the promise of R-2-D into a reality and examines some of the reasons that help explain why these efforts have, until now, met with little success.

The concluding chapter wraps up by summarizing the main findings of the previous chapters and drawing out the broader implications of this study. It begins with a discussion of the paradox of neoliberal policymaking and the significant governmental work required to construct remittances as a market-based development tool. Then it moves on to discuss what the R-2-D agenda tells us about the content, rationale, and challenges of transnational engagement policies in the contemporary moment. Finally, the book concludes with a discussion about the possibilities for repoliticizing the field of migration and development, finding new ways to envision this relationship, and identifying the conditions that may, one day, truly make migration an option rather than a necessity.

Let us begin.

Facts, Figures, and the Politics of Measurement

The Construction and Diffusion of Remittances as a Financial Flow

As late as 1998, it was still possible for a well-informed observer to review the extant literature on migrant remittances and conclude: “There is little doubt that this topic interests many, that it has potential for further study, and that remittances can (and do) make important contributions to the development of certain countries. Nonetheless, for the most part, remittances have not received the sustained attention required, either by the recipient governments, international financial institutions, local communities, or by the private sector” (Waller Meyers, 1998).

Within a few short years, this situation had completely changed. Around the turn of the millennium a global consensus was emerging among international institutions, state agencies, civil-society organizations, and private financial-services firms around the valuable contribution that migrants’ remittances could make to development in the global South. International institutions of various stripes launched major projects linking the resources and capacities of migrants to their agencies’ project portfolios.¹ At the same time, states on both the sending and

the receiving end of transnational migration circuits were experimenting with their own policies designed to maximize the developmental impacts of migration. (See Levitt and de la Dehesa, 2003; Østergaard-Nielsen, 2011.) And commercial financial entities increasingly began promoting remittance-transfer services and focusing on improving access to “underserved” migrants and their transnational households.

This chapter focuses on this remarkable resurgence in enthusiasm regarding the developmental potential of migration and remittances. This growing interest in remittances was the direct result of intellectual efforts and political practices undertaken by researchers and policy entrepreneurs working within a handful of international development organizations. The knowledge work of the policy experts within these agencies—as well as their political efforts to get others to adopt their new ways of measuring migrants’ remittances—allowed the world to see the potential connection between cross-border migration, the remittances it generates, and development in a new light. While the emphasis of earlier debates about migration and development might have focused significant attention on the potential for migrants themselves to act as agents of change, as individuals and/or collectivities who might themselves put money, knowledge, skills, and political resources acquired abroad into transformative practices back home, the center of gravity now shifted. With attention now squarely, if not exclusively, placed on the possibilities for the monies that migrants transfer across international boundaries to serve as a “development tool,” global financial institutions and markets came to be positioned as privileged agents of change.

Generating this new vision of remittances as a development tool and spreading it broadly across the world was a significant accomplishment, one that deserves greater scrutiny. This chapter

and the next take on this task by examining the governmental work of policy experts who encapsulated and diffused the representation of remittances as a financial flow and delineated a set of market-based policy solutions that promised to leverage migrants' resources for development purposes.

Examining the growing centrality of remittances in discussions about development, this chapter takes seriously the claim that, as one Multilateral Investment Fund (MIF) document put it, the work carried out by MIF officials and their allies to document "the increasing importance of remittances" succeeded in engaging "international organizations, national governments, universities, foundations, and perhaps most importantly, financial institutions . . . [in] the process of 'discovering remittances'" (MIF, 2003: 3). But rather than simply take this assertion at face value, I dig deeper, asking how the researchers and policy entrepreneurs animating the R-2-D agenda accomplished this task and what it was, exactly, that they helped the world to discover about remittances.

In pursuing this task I take a cue from scholars importing analytic tools from science and technology studies and the governmentality approach into the study of global politics and economics.² (For example, Mitchell, 2002, 2009; Larner and Walters, 2004.) In what follows I focus attention on the knowledge work carried out by the researchers and policy advocates who conjured up, elaborated, and diffused the R-2-D agenda's representation of remittances as a financial flow and an underutilized resource for development. First, I trace out the technical practices that allowed remittances to be seen as a financial flow, with an underlying set of characteristics calling for further integration within global financial markets and institutions as a means to promote (financial) development. This section focuses on the design of graphical depictions of remittances and on efforts to

improve statistical measurements of their flow across international borders so as to make these financial flows appear as an attractive source of development finance. In the second section I move on to analyze the power-laden processes of policy mobility and transfer that helped spread this representation of remittances as a financial flow from a few centers of discursive and calculative production more broadly across the Americas and around the world.

CALCULATIVE PRACTICES AND VISUAL
REPRESENTATIONS OF REMITTANCES
AS A FINANCIAL FLOW

Policy entrepreneurs' efforts at raising consciousness about the importance of remittances for development were complicated by questions about the validity and accuracy of official statistics on these cross-border financial transfers. There was general agreement among the early proponents of the R-2-D agenda that, until at least the early 2000s, the official statistics produced by national government agencies as part of their balance-of-payments reporting to the International Monetary Fund (IMF) grossly underestimated the true magnitude of remittances. As one of the leading proponents of the agenda has been fond of saying, "the main organization that tracks international financial flows, the International Monetary Fund, for years literally relegated billions of dollars of remittances to the 'errors and omissions' category of its accounts" (Terry, 2005: 5).

Despite their shared concern about the quality of available data, the various officials, agencies, and experts promoting the R-2-D agenda were not in agreement on the best path to remedy this situation. The remittance research coming from within the

World Bank in the early 2000s continued to use IMF data, but rather than rely solely on the category of “workers’ remittances,” World Bank researchers constructed a more expansive definition that summed together three separate categories from the balance-of-payments accounting framework. They believed that this offered a more accurate measure of remittances volumes because it captured flows that were often misclassified by official compilers. However, as they readily admitted, this reliance on official data meant that transfers sent through informal channels were still not included in their improved measures (Ratha, 2003: 171–72).

The researchers associated with the MIF’s Remittances Program, on the other hand, tried to create a statistical measure that would capture the total volume of remittances flows, including those sent through both formal and informal channels. To this end, they adopted a measurement strategy that, they argued, generated a more accurate picture of the magnitude of remittance flows by triangulating different sources of data, including the official balance-of-payment statistics, census data, and surveys of remittance senders and recipients. (See Orozco, 2005.)

Even though they disagreed over the most appropriate techniques to measure remittance flows, once the various proponents of the R-2-D agenda came up with their own particular versions of “more accurate” statistics and measurement tools, they utilized similar sociotechnical practices to express their measures and recast the significance of remittances within development discourse. The most common of these practices was to transform their data into tables, charts, graphs, and maps demonstrating in visual form the growing importance of remittance flows.

A central indicator used to demonstrate the growing significance and importance of remittances was, unsurprisingly,

\$ billions

	1990	1995	2000	2001	2002	2003	2004e	2005e	Change (%) 2005-2001
Developing countries	31.2	57.8	85.6	96.5	113.4	142.1	160.4	166.9	73
Lower middle income	13.9	30.0	42.6	47.4	57.3	72.5	83.5	88.0	86
Upper middle income	9.1	14.5	20.0	22.3	23.0	27.8	33.0	33.8	52
Low income	8.1	13.3	22.8	26.8	33.1	41.8	43.9	45	68
Latin America and the Caribbean	5.8	13.4	20.1	24.4	28.1	34.8	40.7	42.4	74
South Asia	5.6	10.0	17.2	19.2	24.2	31.1	31.4	32.0	67
East Asia and the Pacific	3.3	9.7	16.7	20.1	27.2	35.8	40.9	43.1	114
Middle East and North Africa	11.4	13.4	13.2	15.1	15.6	18.6	20.3	21.3	41
Europe and Central Asia	3.2	8.1	13.4	13.0	13.3	15.1	19.4	19.9	53
Sub-Saharan Africa	1.9	3.2	4.9	4.7	5.2	6.8	7.7	8.1	72
World (developing & industrial)	68.6	101.6	131.5	147.1	166.2	200.2	225.8	232.3	58
Outward remittances from developing countries	6.1	12.5	12.1	14.3	18.7	20.2	24.1	-	-
Outward remittances from Saudi Arabia	11.2	16.6	15.4	15.1	15.9	14.8	13.6	-	-

Source: World Bank staff estimates based on IMF BoP Yearbook 2004 and country sources.
 Note: Remittances are defined as the sum of workers' remittances, compensation of employees, and migrant transfers (see annex 4A.1). e = estimate.
 - Data not available.

Fig. 2.1. World Bank tabulation of remittance flows worldwide between 1990 and 2005. (Source: World Bank, 2006: 88, table 4.1.)

annual growth rates. Research published by the World Bank, for example, often included tables designed to demonstrate the continual growth of remittances over recent decades. Figure 2.1 is an example of an oft-reproduced type of such a table (World Bank, 2006: 88; see also, Ratha, 2007: 2; Vargas Lundius et al., 2008: 15; Ratha, Mohapatra, and Silwal, 2009: 10). In this particular table, we are provided with a compilation of data on workers' remittances received between 1990 and 2005 by developing countries within various groupings, such as income level or regional location. For each of these groupings, statistics are provided about the quantity of remittances received for various years between 1990 and 2005. The chart's final column offers an interpretation aid to those readers who may feel bedazzled by all these categories, groupings, and quantities, as it draws out the main point the table is meant to convey: that the rate of growth for workers' remittances during the period from 2001 to 2005 was spectacular,

ranging from 41 percent in the Middle East and North Africa to a whopping 114 percent in East Asia and the Pacific.

The compilation and tabulation of remittances data have been complemented by graphs that represent visually the spectacular growth recorded over recent years. This is sometimes done for particular countries. In other cases, graphs are used to present growth trends at more-encompassing regional or global scales. Figure 2.2 shows one of these graphs for the regional grouping of Latin America and the Caribbean. In these graphical representations, the rate of growth appears nearly exponential; and this is precisely the intention of their authors. The following excerpt from the authors of the report that contains the graph in Figure 2.2 illustrates this well. These World Bank researchers, apparently writing just before the onset of the global financial crisis unleashed in 2007, suggest that the rate of growth portrayed in their graph was likely to continue well into the future:

This figure does not give any indication of remittances flows leveling off or stabilizing. If anything, the figure indicates that there is a clear upward tendency underlying the data to the point that a simulation of the evolution of remittances under the assumption of a continuous trend would result in remittances of about US\$60 billion in 2007. While this estimate is likely to be on the high side of what one could expect, it nevertheless highlights the fact that a collapse in remittances does not seem very likely over the short run.

(Acosta, Fajnzylber, and López, 2008: 26; citation omitted)

One graphical technique that merits special treatment here is the mapping of remittances data that was carried out by the MIF for Latin America beginning in the early 2000s. In collaboration with the International Fund for Agricultural Development (IFAD), the MIF would extend this coverage worldwide

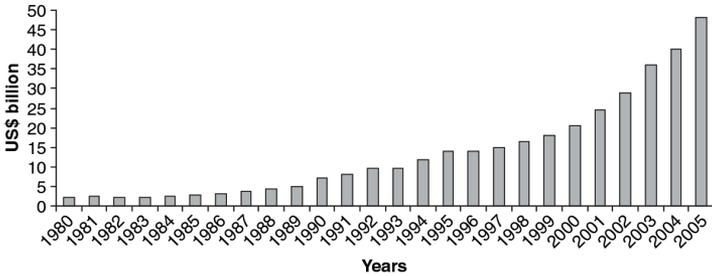


Fig. 2.2. World Bank graph showing high rates of growth in remittances to Latin America between 1980 and 2005. (Source: Acosta, Fajnzylber, and López, 2008: 26, fig. 2.4.)

beginning in 2007. In Figure 2.3 below we find a copy of the MIF map of remittances flows to the Latin American–Caribbean (LAC) region in 2008, while Figure 2.4 is a copy of the IFAD map with worldwide flows for 2006.

One of the more striking features of these maps is their rudimentary nature. They provide no detail about the actual *flow* of remittances; that is, we see no arrows demonstrating whence monies originate nor whither they are destined. In the case of the MIF map there is, perhaps, some rationale for this absence, since significant proportions of remittance monies for much of the region come from one single economy, that of the United States. This is particularly true for countries like Mexico and El Salvador, whence the vast majority of emigrants reside in the United States. But this pattern of migrant concentration within the United States does not hold for the entire region. Some Latin American countries receive significant remittance amounts from other parts of the world, including Europe and Japan. Migrants from Ecuador, for example, are concentrated fairly evenly between the United States and Spain (Jokisch, 2007). This more complex pattern, where the emigrants of some LAC countries tend

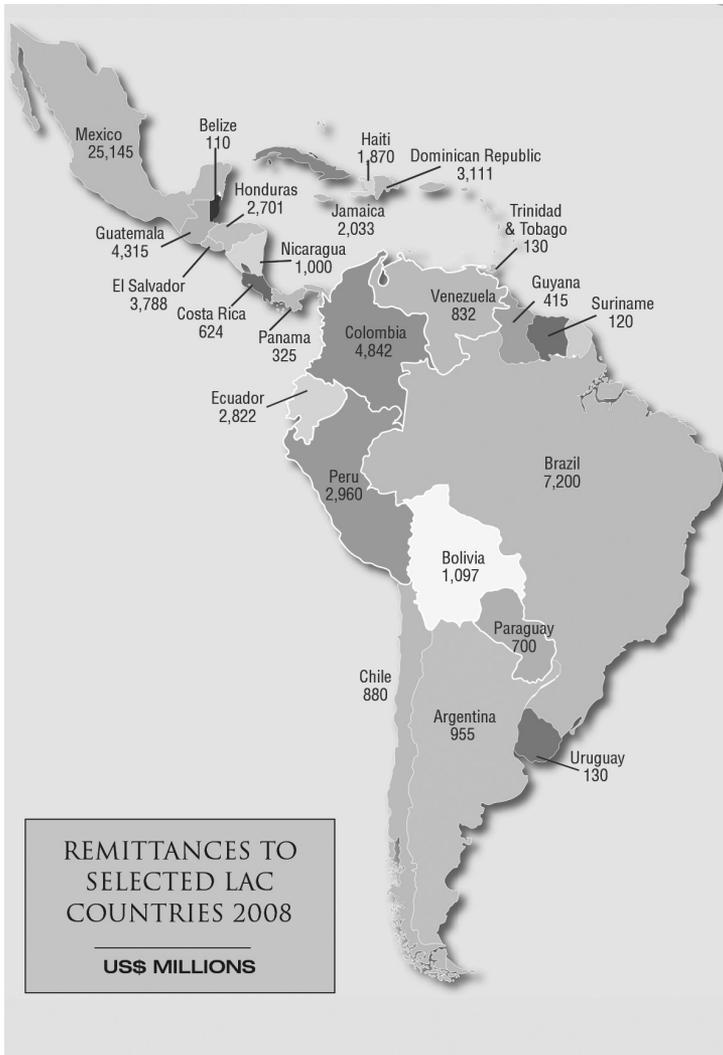


Fig. 2.3. IADB/MIF map showing remittances received across the Latin America–Caribbean region in 2008. (Source: Inter-American Development Bank/Multilateral Investment Fund, 2009: 2.)

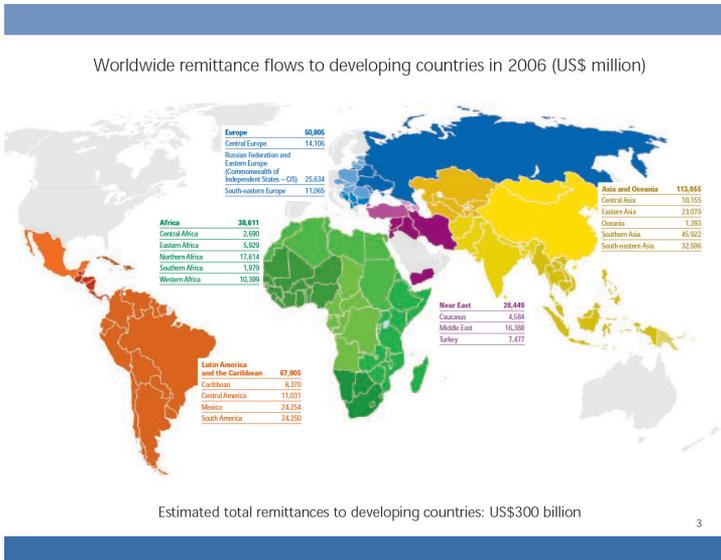


Fig. 2.4. IFAD map showing remittances received around the world in 2006. (Source: International Fund for Agricultural Development, 2006: 3.)

to concentrate in the United States while those of other countries are more widely spread across the globe, is not always lost on MIF researchers (MIF, 2003: 7; 2004: 9). Curiously, however, this pattern is something that gets noted in the body of MIF reports but is never translated onto their maps.³

When we look at worldwide remittance flows, purportedly captured on the IFAD remittance maps, there is of course no single concentrated site of origin for the majority of remittance monies comparable to the United States' relationship with the LAC countries. For this reason, the absence of arrows indicating origins, destinations, and directionality on the IFAD maps that claim to represent the worldwide flow of remittances may seem even more puzzling. But there is a reason for this absence. While

specific and detailed information about origins and destinations may be of value to some interested observers, for the purposes of these maps generated by the IFAD and the MIF, rudimentary detail is sufficient. This is because these maps are meant to demonstrate, in striking visual form, one simple characteristic of remittances flows: their aggregate volume.

In addition to these efforts at documenting and presenting graphically the volume and growth rates of remittances, the promoters of the R-2-D agenda have also worked to represent remittances as a financial flow comparable to other sources of external finance, most notably foreign direct investment (FDI) and official development assistance (ODA). When these comparisons are made, remittances generally receive a favorable accounting vis-à-vis other global financial flows on two counts: overall volumes and stability. It is common to read in official reports of development institutions, for instance, statements like the following from the IFAD's 2008 report "International Migration, Remittances, and Rural Development": "Worldwide, remittances have become the second largest capital inflow to developing countries after FDI and before [ODA]. . . . In some countries, remittances have even surpassed the levels of FDI and ODA" (Vargas Lundius et al., 2008: 14).

Beyond this relational comparison in terms of aggregate volumes, remittances are also often compared favorably to other financial flows on the basis of their apparent stability and countercyclical nature (Ratha, 2003). The claim about the countercyclical nature of remittance flows has been widely reproduced (IAD, 2004: 4; Terry, 2005: 9–10), although the claim is sometimes laid out in more tepid language, such as that they "*may* move countercyclically relative to the economic cycle of the recipient country" (World Bank, 2006: 99, my emphasis). Even with this qualification,

this has been an extremely important claim, marking a complete about-face from policy experts' earlier portrayals of remittances as "notorious for their volatility" (Díaz-Briquets and Pérez-López, 1997: 414; see also Hernández and Bibler Coutin, 2006).

The claim about the stability and countercyclical nature of remittances flows is often supported by charts and graphs demonstrating their relation to other financial flows and representing their supposedly less violent reactions to business cycles, financial crises, and natural disasters. Figure 2.5 is an example of a graph aiming to illustrate the stability of remittances. The graph shows the slow but steady upward march of remittances at the global scale from 1990 through 2008, with little of the fluctuation of other financial flows and a much more measured response to the effects of the global financial crisis unleashed in 2007. It also demonstrates, as development-industry officials claim, that remittances have outstripped ODA for most of this period, even if they have not yet outperformed FDI flows and have been dwarfed by portfolio-investment flows in some years.

As Figure 2.5 shows, the extraordinary rates of growth in remittance volumes registered through the mid-2000s did eventually come to an end, as a consequence of the global financial crisis. MIF figures documented a decline of 15 percent for flows to the LAC region in 2009 (MIF, 2010). At the global scale, declines were more measured, with the World Bank estimating a worldwide fall in remittances for 2009 of just over 6 percent (Ratha, Mohapatra, and Silwal, 2009; World Bank, 2011: 17).

The technical practices identified and analyzed here have more or less successfully constructed an image of migrant remittances as a financial flow characterized by high volumes, impressive growth rates, and relative stability. Let me highlight two important issues with this particular portrayal of remittances as a financial flow.

Remittances Compared with Other Resource Flows

Remittance Flows Are Large and Resilient

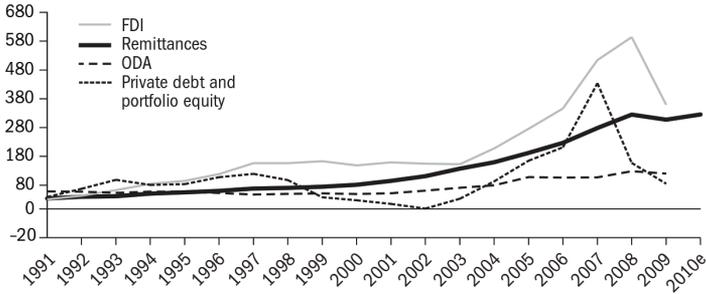


Fig. 2.5. World Bank chart comparing remittances favorably with other financial flows between 1991 and 2010. *FDI*, foreign direct investment; *ODA*, official development assistance. (Source: World Bank, 2011: 17.)

The first thing to note is that, built as it is on relational comparisons between remittances and other financial flows, this representation relies on historical data on the volume, growth, and stability of remittances. However, the very institutions and researchers that actively constructed this conception of remittances as a financial flow were themselves, as noted above, highly skeptical about the quality and accuracy of the data used to construct these comparisons. In an interview that I conducted with the former manager of the MIF, he pointed to these limitations, saying:

You know, I'm amused sometimes, or bemused, I guess, to read all of the data that is coming in about how fast remittances have been growing over the last ten years, when most of that growth is not actually increase; it's better reporting. They haven't been increasing 37 percent and 42 percent. I think they were, they aren't right now, but I think they were increasing 7, 8, 10, 12 percent a year.

(Interview with Donald Terry, 2009)

Here, Terry readily admits that the spectacular growth rates seen in remittances data compiled by his and other international agencies were largely the result of better reporting—the widespread use of new data-collection and data-measurement techniques. That is, these growth rates were largely the result of changing accounting practices: with greater focus and attention on data-collection procedures came higher volumes of recorded remittances. In this sense, the spectacular growth rates identified in the early-to-mid-2000s were a fiction, the result of comparing apples with oranges. But these headline-grabbing statistics were useful for their shock value, as they brought remittances to the attention of government officials, development agencies, and financial institutions.

The second issue to note about the construction of remittances as a financial flow is related to the fact that, as we will see in the next chapter, this representation of remittances as a large, growing, and relatively stable financial flow laid the foundation for a set of market-based solutions promising to “leverage” remittances for development purposes. Thus, despite the fact that the financial crisis unleashed in 2007 undermined the characterization of remittances as a countercyclical financial flow relatively immune to the vagaries of financial crises, recessions, and business cycles, this particular representation of remittances was far too important for the promoters of the R-2-D agenda to let it fall so easily.

A 2009 MIF report lamented that “remittances to the LAC region will decrease in 2009, marking the first downturn since the Inter-American Development Bank began tracking these flows in the year 2000” (MIF, 2009: 3). However, the report rehabilitated the notion that remittances were relatively stable to conclude on the following optimistic note: “Despite the decline

expected in 2009, remittances will remain *a far more stable* source of foreign currency than other financial flows, while maintaining millions of people above the poverty line” (MIF, 2009: 5, my emphasis). As a remittances specialist at the IADB suggests in the following lengthy quote, migrants’ ability and willingness to adapt is the key reason for this apparently greater stability:

The defining characteristic of remittances is that they are seen as a family obligation. Senders are more likely to cut back on their own consumption than to reduce the amount of money they send to their families. Unlike speculative flows or foreign investment, therefore, profit motives do not drive remittance levels. As a result, changing economic or political risks and natural disasters will not negatively impact the decision to send. In fact, remittances typically increase during such periods, providing recipient families and developing economies with a cushion in troubled times.

The current [2008] financial crisis, however, presents a new combination of factors, as both senders and recipients are confronted by similar forces simultaneously. . . . This is causing concern that we may be testing the limits of remittance counter-cyclicality.

How remittance flows will be affected by the financial crisis is wholly dependent on the ability of migrant workers to find strategies to adapt. Surveys and focus groups conducted for the [IADB] and by the IAD (Inter-American Dialogue) suggest that immigrants are working longer hours to compensate for lower wages, switching sectors after job loss, responding to labor demand and/or local immigration enforcement by moving from one state to another, and even tapping into their saving to maintain remittance levels. Immigrants have proven to be more adaptable than other parts of the labor force, and have been able to maintain remittance flows despite the current 8 percent Hispanic unemployment and job losses in traditionally important sectors such as construction. Current evidence suggests that we are not yet testing the boundaries of this ability to adapt.

(Meins, quoted in *Migrant Remittances*, 2008: 8)

This revealing statement hints at the human aspects of migration so often obscured when remittances are aggregated into a financial flow. It reminds us that if remittances have maintained their relatively stable and countercyclical nature even in the face of an increasingly adverse political and economic climate, this results from ever-deepening levels of migrant (self-)exploitation. But the painful toll migrants experience in their efforts to keep the remittance monies flowing back to their homeland is not the focus of the policy experts behind the R-2-D agenda: their main concern is to show that migrants' apparently limitless capacity to "adapt" to deteriorating conditions confirms this financial flow's relatively stable and countercyclical nature.

The discursive and visual representations of remittances analyzed here were not sufficient on their own to transform remittances into a "development tool." The advocates of the R-2-D agenda had to take their new representation of remittances as a financial flow into the world, touting and diffusing it amongst public-opinion leaders, government officials, and financial-industry players in an attempt to link this representation to concrete changes in policy and practice. Before we turn in the next chapter to an analysis of the market-based policy interventions flowing from the representation of remittances as a financial flow, the following section analyzes the political practices and power dynamics involved in the diffusion and transfer of new remittance-measurement techniques. I focus on the Latin American region and look at how MIF officials used forms of soft power—including both offering grant funding to cooperating institutions and smearing the reputations of less cooperative ones—to induce governments and central banks in the region to improve their official remittances data.

MEDIA PRESSURE AND GRANT FUNDING:
THE SOFT POWER BEHIND REMITTANCE-STATISTICS
IMPROVEMENTS IN LATIN AMERICA

In interviews with staff at MIF and IFAD, they told a consistent story about how their maps of remittance flows had successfully produced two primary effects: (1) they captured the attention of high-ranking officials within financial and development institutions, and (2) they helped bring pressure to bear on national officials responsible for gathering and reporting data on remittance flows.

Donald Terry, the manager of the MIF from its beginnings until his retirement in 2008, described the work of mapping remittances flows as the most important thing that the MIF Remittances Program had done on the issue. Other staffers within the MIF and IFAD concurred with Terry about the central importance of their mapping work. Beyond simply raising awareness and elevating the visibility of remittances within banking institutions and development circles, these maps and the surveys they were built from served to bring pressure on central banks across the LAC region to improve their data-collection practices and the official statistics they reported. One MIF staffer described to me how, when they first started looking at the official statistics, they realized that these could say nothing useful about remittances, even though other financial flows such as foreign direct investment were reported with seemingly exact precision (Interview with MIF staffer, 2009). Prompted by this recognition of the severe limitations of official statistics on remittances, the MIF program then commissioned a series of surveys of remittance senders in the United States and recipients throughout Latin America in order to generate

its own more accurate statistics. Alluding to both the initial motivation for these surveys and their eventual impact, Donald Terry told me:

I knew we had struck something of not just interest, but importance, when we started to get some pushback from central banks and the rest because we were basically willing to say, “Your numbers aren’t off . . . by 10, or 15, or 20 percent”—if that’s all it was, I wouldn’t have been that interested in doing these surveys—“you’re off by 300, or 400, or 500 percent. You have no idea of how much money is coming back in.”

(Interview with Donald Terry, 2009)

Another former MIF staffer described in detail how the MIF surveys and maps were put to use in pressuring national officials to improve their official statistics. He mentioned that despite the large discrepancy between their estimates and the official statistics MIF staffers initially found little traction when they communicated directly with central-bank officials. They confronted this official indifference by organizing public events in particular countries, releasing their own estimates to the national press, and trying to bring pressure on central-bank officials to improve their collection methods and official estimates. This national media coverage would often draw the attention of government officials outside the central bank and lead to rather immediate effects; upon publication of the MIF surveys and maps, central-bank officials who had initially rebuffed their overtures would contact MIF staffers to inquire about the discrepancies. Inevitably this would lead the central bankers to look into their own estimating procedures, recognize their ad-hoc nature, and come to accept the need to improve their estimates. This staffer would describe this relationship not as conflictual but as a kind of

“constructive collaboration”—although central bankers initially resisted, they went through a process that went from surprise, to justification, and then finally led them to collaboration (Interview with former MIF staffer, 2009).

Thus, employing the bully pulpit afforded to them as representatives of a relatively reputable multilateral financial institution, MIF officials used media outlets to publicly challenge the veracity of the remittances data coming out of national institutions. As the process of surprise, justification, and collaboration ran its course in the individual countries across Latin America, the MIF staffers found success in convincing central-bank officials to pursue improvements in their collection methods and data quality. This was confirmed during my interview with Donald Terry, when he explained that: “The map that the [MIF] now puts out each year—for the most part now, those are the official numbers of the central banks; there’s still a couple of central banks that aren’t doing it. But essentially, by doing those surveys, by getting a sense of how much money was being sent—that sort-of forced the government officials to acknowledge that” (Interview with Donald Terry, 2009).

The use of national media to publicly challenge the legitimacy of the central bankers’ statistics was not the only form of soft power the MIF staffers used to ensure national officials’ collaboration with their regional project. The MIF program also used its grant funding to bring the LAC central bankers on board as collaborators. This is most clearly seen in the 2005 IADB/MIF grant made to the Latin American Association of Central Banks (CEMLA) to develop a coordinated strategy to improve data-collection procedures across the continent.

While the MIF Remittances Program’s efforts appear to have been successful at inducing LAC central-bank officials to modify their measurement techniques, this process of change

does not appear to have been one of either smooth collaboration or simple imposition. A closer examination of the outcome of the MIF/CEMLA grant project helps to illustrate the power dynamics involved in these efforts to improve the accuracy of remittance statistics across the region.

During a “launching seminar” for the MIF/CEMLA project held in Mexico City in 2005, the MIF consultant Manuel Orozco presented a paper entitled “Conceptual Considerations, Empirical Challenges, and Solutions in Measuring Remittances.” In that paper, Orozco recommended a survey-based method for measuring remittances (Orozco, 2005). The proposed method would draw from three sources of data, including U.S. census data, random nationwide migrant surveys to determine the percentage of migrants who remit money, and data from money-transfer companies on the “mode, median and average amount sent” (Orozco, 2005: 24). The information culled from these data sources would then be inserted into a relatively simple formula, whereby the total volume of remittances could be determined by multiplying (1) the total number of migrants; (2) the percentage of migrants that remits; and (3) the average amount remitted. Such a formula, according to Orozco (2005: 24), promised to “improve the predictive impact of remittances volumes.”

My intention here is not to ponder the strengths and/or limitations of such an estimating formula. The more modest objective is to point out that this proposed measurement technique did not meet with the full-scale approval of the LAC central banks. CEMLA staffers working on the MIF grant to improve the remittance statistics compiled by Latin American central banks preferred a direct reporting method that would rely on information provided regularly by financial institutions on the remittances payments they process. A major product emerging from

the MIF/CEMLA grant project was supposed to be a “Manual on Best Practices for the Compilation of International Remittances.” The preliminary version of this best-practice manual did not embrace the estimating techniques favored by Orozco. Instead, it suggested that “the best compilation strategy is for central banks to focus on, and obtain reports from, companies that are directly engaged in the remittance process themselves, such as nonbank [money-transfer companies] and individual banks transmitting remittances on their own account” (CEMLA, 2006: 35).

These different estimation methods could have important effects in terms of the representation of remittance flows. The direct reporting method advocated in the CEMLA manual, while potentially including a significant amount of nonremittance cross-border transfers, would likely capture more of the fluctuations in total remittances than the type of survey-based estimates advocated by the MIF. Unless their surveys of remittance senders and receivers are continuously updated, survey-based estimation techniques use a static coefficient of per-capita remittances sent by migrants. With the use of such a technique, it is really little wonder that remittance data show these flows to be growing and countercyclical—this type of formula necessarily leads to remittance-volume estimates that grow in a linear relationship with the size of the migrant population. The estimates of different organizations will differ as a result of the sources of data used to construct their “propensity to remit” coefficient. However, all estimates using such a technique will grow in lockstep with a rising population of migrants and remitters, thus contributing to the representation of remittances as large, growing, and countercyclical.

The disagreements between the central bankers and the MIF officials are probably driven as much by their differential access to

various sources of data as by their perceptions of the accuracy of either of these methods. For officials within the Latin American central banks the use of data sources from within their own countries is likely both preferable and more practical than collecting data from sources in the United States. This is especially the case if these officials can use the power of the state to require financial institutions operating within their national territory to directly report information about remittances receipts.

In sum, while the Latin American central bankers may have conceded to the assertion of the MIF program and its expert consultants that their official statistics were less than precise, these bankers were apparently not willing to grant the international organization the power to impose its preferred technique for remedying these inaccuracies. These divisions were rendered partly moot when the proponents of the R-2-D agenda successfully incorporated new remittances definitions and measures within revisions of the IMF's balance-of-payments framework in 2009 (IMF, 2009a). However, even with this new international measurement regime it would appear that the debate between direct reporting and survey-based estimates has not been fully resolved; a guidebook published by the IMF explaining the new definitions and reporting procedures could only go so far as to advise governments to "develop data compilation strategies based on the needs, constraints, and capabilities of their own countries" (IMF, 2009b: 3).

CONCLUSIONS

This chapter began by examining the technical practices deployed by actors within international development agencies to construct remittances as a financial flow. These included

the elaboration of more accurate statistics and measurement tools, as well as the transformation of the improved data developed through these new tools into tables, charts and graphs that would forcefully demonstrate in visual form the growing importance of remittance flows. The chapter also illustrated the political dynamics involved as officials associated with the MIF and IFAD used various forms of soft power to spread their preferred data-collection techniques and representations of remittances as a financial flow across Latin America and the world.

The focus of this chapter has thus been on the discursive and technical construction of remittances as a financial flow of great importance for development in the global South and on the efforts of development-industry officials to spread particular measurement techniques that promised to improve the statistical data underlying such a construction. In creating and mobilizing these data-collection techniques and visual representations the purveyors of the R-2-D agenda have rather successfully spread across the world the view that the relatively small amounts of money transnational migrants send to family and friends living back in the homeland constituted a large, rapidly growing, and relatively stable cross-border financial flow. But in and of itself this examination tells us little about how the proponents of the R-2-D agenda articulated the connection between remittances and development. How, exactly, did they make the link between their representations of remittances as a financial flow and development processes in the global South? The representation of remittances as a financial flow was particularly amenable to market-based policy interventions aimed at further incorporating migrants and their monies within financial institutions and

markets. And this is precisely the type of policy intervention the purveyors of the R-2-D agenda designed, promoted, and implemented as they sought to turn remittances into a “development tool.” In the following chapter I analyze the content and rationale of these market-based solutions, and the governmental work that made them possible.

Forging the Remittances-to- Development Nexus

Conceptual Linkages and Political Practices

The previous chapter analyzed the governmental work involved in the construction of remittances as a financial flow. In this chapter I turn to look at the governmental work involved in the portrayal of the nexus between remittances and development and the identification of market-based solutions capable of exploiting that connection. How, exactly, have remittances been framed as a potentially valuable contributor to development in the global South? In the following pages, I examine the contours and content of this aspect of the R-2-D agenda, dissecting the particular understandings of the connection between remittances and development that have animated the work of agencies such as the Multilateral Investment Fund (MIF), the International Fund for Agricultural Development (IFAD), Inter-American Dialogue (IAD), and the World Bank. In particular, I focus on how these institutions have forged the conceptual link between remittances and development and on the specific practices that policy entrepreneurs within these institutions have undertaken in order to make their political project a reality. With this work,

the purveyors of the R-2-D agenda are involved in a process of “rendering technical” the complex relationship between transnational migration, remittances, and development. Tania Murray Li suggests that this process of rendering technical is about “extracting from the messiness of the social world, with all the processes that run through it, a set of relations that can be formulated as a diagram in which problem (a) plus intervention (b) will produce (c), a beneficial result” (Li, 2007a: 265). In our case, the policy designers suggest that the problem of the underutilization of migrants’ remittances (a) can be remedied through a series of market-based interventions (b) that promise to result in greater (financial) development (c).

There have been some subtle differences in how each of the major development agencies has portrayed this relationship and the particular set of policy interventions that promise to transform remittances from an unrecognized and underutilized international financial flow into a robust contributor to development in migrant-sending countries and regions. Despite these minor differences, there are common themes that unite these agencies around a vision of how remittances can contribute to development processes in the global South. As we will see, each of these major themes identifies in its own particular way how the incorporation of migrants and their monies into financial institutions and markets constitutes both the means and the ends of development.¹

In essence, remittances have been incorporated within an increasingly financialized development discourse and practice along three lines: reducing the cost of remittance-transfer services; promoting the democratization of financial products and services; and linking remittances to “innovative sources of development finance.” In the first of these areas, development

agencies focus on the cost of remittance-transfer services and suggest that these could be reduced through further market competition in the transfer-services industry. This part of the agenda is imagined to contribute to development by reducing costs to remitters and leaving more money in the pockets of migrants and their family members.

The second theme has been to encourage the use of formal financial institutions as a means to bring remitters and the recipients of remittances into the financial mainstream and usher in a new epoch characterized by financial democracy and economic citizenship. Here development would derive from granting migrants and their family members access to financial services, which would help activate their entrepreneurial energies; development would also be propelled by further capitalizing the banking sector in migrant-sending regions, as these financial intermediaries would then efficiently distribute these new monies to capital-hungry firms and entrepreneurs whose activities would create jobs and opportunities and, in the process, help bring an end to outmigration.

The third and final theme has focused on leveraging remittances through innovative financing mechanisms such as remittance-securitization schemes. These innovative financial instruments, according to their promoters, promise to offer government and private-sector entities in remittances-receiving countries access to financing on more favorable terms in global capital markets. In these discussions it seems that access to global capital markets itself is an indicator of development.

In what follows I examine these three lines of action, emphasizing the concrete governmental work carried out by policy

experts and entrepreneurs within the development agencies as they attempted to reshape reality to conform to their market-centric discourse.

THE GOVERNMENTAL WORK OF MARKET-BASED
SOLUTIONS: REDUCING TRANSFER COST

Shortly after the MIF remittances program began its work, it released what would become a recurring report, entitled “Sending Money Home” (MIF, 2003). This report—subtitled “An International Comparison of Remittance Markets”—documented the costs associated with remittance transfers to the Latin American and Caribbean (LAC) region, demonstrating that these were significantly higher than in any other region of the world. Aggregate costs paid by migrants to send their remittances to the LAC region reached some \$4 billion in 2002, or a little over 12 percent of the \$32 billion sent to the region that year. The MIF report noted that this 12-percent cost was around 50 percent higher than the costs associated with sending monies to other “major recipient countries” (MIF, 2003: 6).

Demonstrating concern over these high costs, one of the MIF program’s primary objectives since the founding of its project cluster in 2001 was to “reduce the cost and facilitate the transmission of remittances” (MIF, 2001: 5). By 2004 this had become one of the program’s two principal goals, which were laid out in a “Statement on Remittances” presented during its “Remittances as a Development Tool” regional conference in Lima, Peru, in March of that year. With that statement, the program committed itself to: (1) reducing the cost of remittance transfers to the LAC region by 50 percent within the following five

years; and (2) increasing to 50 percent the proportion of remittance recipients receiving their monies through formal financial institutions (MIF, 2004: 2).

During the interview I conducted with the former manager of the MIF, Donald Terry, he described to me the different elements of the MIF program's work on remittances over the last decade. We had the following interaction about the goal of cost reduction:

Donald Terry (DT): The second obvious [issue] was to help lower transaction costs. And, you know, we didn't have to do all that much other than to make it clear that there were billions and billions and billions of dollars being sent . . .

MB: Because as soon as you did that you . . . encouraged competition in the industry . . .?

DT: Yeah, competition doesn't always work, but in this case it did. . . . It was, "Oh, my God, there's billions of dollars. We should get a piece of that."

(Interview with Donald Terry, April 26, 2009)

Terry is asserting here that there have been significant reductions in the cost of remittance-transfer services in recent years and that these reductions have been the result of market forces; in essence he is arguing that, seeing significant profit-making potential, additional market actors entered the remittances-transfer industry and that the entry of these additional firms led to increased competition and, ultimately, price reductions for consumers. This representation is only a partial accounting of the factors that went into price reductions in recent years. Most important for our purposes, Terry's assertion that the MIF "didn't have to do all that much" to contribute to the reduction in transfer costs conceals the significant work that the program and its allies put into developing a particular understanding of the remittances-transfer industry, its

limitations, and the options they identified for improving the industry and market conditions.

During an earlier interview with another MIF staffer I was told that the program had engaged in a variety of practices to ensure reductions in transfer fees and costs. This staffer suggested that the MIF program “put a lot of work into” its attempts to lower transfer costs, in large part because of the belief that the leading transfer companies were making unreasonable profits from these services. As he described it, the major transfer companies were charging fees that constituted 25 percent of a transaction. Within the MIF program they found this cost structure to be “outrageous,” and they attempted to muddy the reputation of some of the major players in the industry, naming and shaming them for the “frothy profit” they were extracting from migrant remitters (Interview with MIF staffer, 2009).

These MIF program efforts at naming and shaming were among larger moves during the late 1990s and early 2000s aimed at tarnishing the reputations and forcing changes in the business practices of the major money-transfer companies. In those years, these nonbank financial-services firms were repeatedly sued over their fee structures and advertising practices. One high-profile lawsuit was a class-action case brought on behalf of Mexican migrant remitters that accused Western Union, Orlandi Valuta, and MoneyGram of engaging in fraudulent practices because their advertisements, which would regularly make claims like “Send \$300 to Mexico for \$15,”² did not alert their potential customers that the companies would also profit from the exchange-rate spread—the difference in the price the companies paid for Mexican pesos and the exchange rate they offered their customers when converting dollars into pesos for distribution in Mexico. This class-action suit was settled before

judgment, with the companies offering, among other things, to provide nearly \$400 million in coupons to their previous customers and committing themselves to inform customers in future advertisements of the existence of the exchange-rate spread. A federal appeals court would later deny a challenge to the adequacy of this settlement and, in the process, offer some valuable ammunition to the transfer-service providers as they defended themselves from the extensive naming-and-shaming campaigns to which they were being subjected. In its decision, the appeals court suggested that the money-transfer business was really no different from any other type of retail activity:

This settlement is more in the nature of a PR gesture, coupled with the goal of freedom from a drumbeat of litigation (similar suits have been filed in many state and federal courts across the nation), than an exchange of money (or coupons) for the release of valuable legal rights. No state or federal law requires either currency exchanges or wire-transfer firms to disclose the interbank rate at which they buy specie, as opposed to the retail rate at which they sell currency (and the retail price is invariably disclosed). That is why plaintiffs have been driven to make generic fraud claims. But since when is failure to disclose the precise difference between wholesale and retail prices for any commodity “fraud”?

Money is just a commodity in an international market. [Citation omitted.] Pesos are for sale—at one price for those who buy in bulk (parcels of \$5 million or more) and at another, higher price for those who buy at retail and must compensate the middlemen for the expense of holding an inventory, providing retail outlets, keeping records, ensuring the recipient is the one designated by the sender, and so on. Neiman Marcus does not tell customers what it paid for the clothes they buy, nor need an auto dealer reveal rebates and incentives it receives to sell cars. This is true in financial markets no less than markets for physical goods. The customer of a bank’s foreign-exchange section (or an airport’s currency kiosk) is

quoted a retail rate, not a wholesale rate, and must turn to the newspapers or the Internet to determine how much the bank has marked up its Swiss Francs or Indian Rupees.

(In the Matter of Mexico Money Transfer Litigation, 267 F3d 743)

This judicial support for the transfer firms' practices of wringing concealed profits from the exchange-rate spread made clear that the strategy of legally challenging the pricing practices of the major players in the remittances industry was unlikely to prosper. This resolution, and the suggestion that money "is just a commodity in an international market," also served to take the bite out of the naming-and-shaming campaigns portraying the industry's practices as unethical and potentially unlawful. The remittances-to-development advocates were forced to accept that legal and reputational challenges to the industry's leading firms would likely not be effective at bringing price reductions.

In subsequent years, the efforts of the MIF program staffers and their allies went well beyond these public attempts to smear the reputation of the large transfer companies. And indeed, as Donald Terry suggested in the quote above, the issue of increased competition would become central to the strategy and ultimate success in efforts to reduce costs. But, contrary to Terry's suggestions, that competition did not spontaneously occur as a result of market forces, with new firms reacting to market signals, entering the profitable industry, and driving down costs to migrant remitters.

The suggestion that recent changes in the remittances industry were solely the result of market forces and competition does, of course, hold real allure. This suggestion encapsulates and further extends a market-fundamentalist ideology that champions "free markets" over "intrusive" government action. The sway of this ideological interpretation was evidenced during a

2003 hearing in the U.S. House of Representatives' Financial Services Committee, entitled "Remittances: Reducing Cost, Increasing Competition, and Broadening Access to the Market." In his testimony, Texas representative Jeb Hensarling referred to a newspaper account of how banks and credit unions had begun to compete vigorously with the traditional money-transfer companies and, as a result, fees had dropped "from approximately 20 percent to as low as 4 percent in the last decade." These developments suggested to Hensarling that market forces were sufficient to bring transfer prices down to a reasonable level. He thus concluded that "The end product of this increase in competition and innovation is what is most important to consumers, more choices at lower cost. The free market, not the government, has brought about this result" (Hensarling, 2003: 4).

This free-market interpretation suited the MIF program as well, as it ran in line with the agency's overarching mission to finance and promote private-sector development across the LAC region. I intend to illustrate, however, that despite this pro-market and antigovernment rhetoric, the introduction of increased competition and the resultant reduction of transfer fees was not the result of the hidden hand of the market. Instead, these resulted from the concerted and sustained efforts of those within the MIF program and allied organizations in government and civil society whose promotion of the R-2-D agenda brought this competitive environment into being. The governmental work of these actors, whether located within a formal governmental agency or not, worked to shape the contours of the remittance-transfer industry and to govern the conduct of the market entities operating within it. In the following pages I examine three types of governmental work that went into the construction and implementation of this market-based solution

to the problem of high remittances-transfer costs: (1) creating knowledge about the structure of the industry; (2) elaborating best-practice recommendations for regulators and market entities; and (3) disseminating pricing information to consumers via dedicated Web sites.

CREATING AND CIRCULATING KNOWLEDGE ABOUT THE REMITTANCES-TRANSFER INDUSTRY

The MIF program and allied organizations such as the Inter-American Dialogue and the Pew Hispanic Center have since the early 2000s funded and/or conducted research into the structure of the money-transfer industry, highlighting the players involved, the transfer technologies in use, and the level and determinants of costs to consumers. This research has also strongly emphasized the importance of banks and credit unions entering the industry and competing with the long-standing money-transfer operators for a share of the market.

The research carried out by Manuel Orozco, director of the Remittances and Development Program at the Inter-American Dialogue, often funded by partner organizations such as the MIF (Orozco, 2002) or the Pew Hispanic Center (Orozco, 2004), is indicative of this work. Orozco had begun conducting research on remittances in the late 1990s and, after coming to the attention of the MIF's manager, Donald Terry, he was funded to develop detailed research on the structure of the remittances-transfer market. In the early 2000s, Orozco conducted a number of surveys of market entities and released reports (Orozco, 2002, 2003, 2004) that documented the evolution of the market, highlighting the entry of new players, including a small number of banks and credit unions, and the gradual reduction of

costs to consumers, in terms of both exchange-rate differential and direct fees. While these survey findings indicated that fees rarely reached the “outrageous” 25-percent level that MIF staffers had suggested was the impetus for their cost-reduction work, these surveys showed that the cost to send \$200 to Latin America in November 2001 was \$17.46, or 8.7 percent (Orozco, 2003: 4), and by February 2004 this had dropped to 7.6 percent (Orozco, 2004: 15). Despite these reductions, Orozco complained that, as an aggregate amount, “These costs represent more than two billion dollars in payments to wire transfer businesses by a consumer population largely composed of low-income immigrants” (Orozco, 2004: 16). This strategy of aggregating the total costs incurred in sending money was a central pillar in the development agencies’ argument about the remittances-and-development nexus and a recurring theme in their research reports and policy proposals for lowering transaction costs. An MIF report co-sponsored by the Pew Hispanic Center argued that “Reducing the cost to 5 percent of the amount remitted would free up more than \$1 billion next year for some of the poorest households in the United States, Mexico and the Central American countries covered by the Pew Hispanic Center projections. Between now and the end of the decade, the savings could amount to some \$12 billion. It goes without saying that such a sum could change many, many lives” (Suro et al., 2002: 4). Donald Terry summed up the value of “billions and billions” of aggregate savings that cost reductions could represent by telling me “that is real money, as they say” (Interview with Donald Terry, April 26, 2009).

In identifying how to move toward still lower prices, Orozco and other researchers (Bair, 2003; Suro and Bendixen, 2002) inevitably noted that prices were lowest in markets with the greatest

number of competing firms. The market for sending remittances from the United States to Mexico was often invoked as the prime example of a highly competitive market that resulted in lower costs to remitters. The following excerpt from one of Orozco's early reports (2002: 10) illustrates how this argument was presented:

The price of sending remittances varies significantly and a key determinant in those prices is the extent of market competition to send remittances to that recipient country. . . . Mexico is the country with the lowest fees among the nine countries studied. It is also the country with the greatest market choices for customers. The competition in Mexico ranges from small businesses to large corporations. Significantly, among the reasons for expanded competition is the entrance of the banking industry into the remittance market.

Researchers associated with the World Bank would take up this type of research into the structure and characteristics of the remittances-transfer industry by the mid-2000s. From 2005 onward, the World Bank released a series of monographs presenting detailed research about the particular binational "remittances corridors" linking specific countries of origin and reception. In this body of research as well, competition became the central motif in explanations of the reduction of transfer costs, as in the following excerpt taken from the first of these monographs, which again addressed the U.S.-Mexico corridor:

In the past there was no real "market" for intermediaries in the U.S.-Mexico corridor. The role in the formal sector was dominated by MTOs [money-transfer operators], such as Western Union and MoneyGram. . . . New competition from banks has brought about lower prices, faster services, and more reliable transactions. As a consequence, there is now a "paved road" for remittances between the United States and the urban and regional centers of Mexico.

(Hernández-Coss, 2005: 22)

What these two excerpts demonstrate is that the research on the structure of the remittance-transfer industry identified competition—particularly from banking institutions—as the key to driving down the price of transfer services. The (apparently) successful entrance of banking institutions in the Mexican case was used to illustrate this dynamic and to provide an example to be replicated in other remittance corridors. This logic was made explicit in the foreword to Hernández-Coss’s work on the U.S.-Mexico corridor, where we read that this research intended not only to “underline some of the critical themes that identify the corridor” but also to highlight “the experiences that could serve other economies to transform their own remittances corridors into transparent and more competitive systems” (Waxman, 2005).

The research also aimed to demonstrate how banks and credit unions could be profitable in this competitive environment. Orozco, drawing from interviews he conducted with executives at banking institutions, suggested that banks and credit unions understood their interests as focused “not exclusively on transfers, but on establishing a long-term relationship with senders,” which formed the basis for a strategy to “capitalize on money transfers as a way to increase their assets” (Orozco, 2004: 28). This research thus suggested that, even with significantly lowered transfer costs, banking institutions and credit unions could profit from migrant remittances, because these offered a means of capturing an “unbanked” sector of the population, bringing them and their savings into the institutions and eventually engaging them with other financial products and services, such as credit cards, auto loans, and mortgages.

All this research into the structure of the remittances-transfer industry was not simply left on the shelves but was

actively disseminated by promoters of the R-2-D agenda. The MIF remittances program, for instance, endeavored to put the particular knowledge gained from this research into motion by releasing research reports to great fanfare at numerous public events promoting remittances as a development tool in Washington, D.C., and across the continent. A 2010 evaluation of the MIF remittances program documents that it organized at least forty-five “conferences and roundtables in both remittance-sending and remittance-receiving countries, including events in the LAC region, North America, Asia, Africa and Europe” (Hall, 2010: 5).

Drawing on the commissioned research and its identification of increased competition as the key to transfer-cost reductions, MIF staffers also put this knowledge into circulation by directly advocating for the entry of banking institutions into the industry. An indication of this was provided to me during my interview with an MIF staffer who spoke about his early work in the program trying to educate banking institutions about why they should care about migrants and their remittance transfers. He described how, in these early days, they understood that their financial-education efforts would have to address not just migrants but also officials within banks and credit unions. When addressing the latter, they would show them demographic projections and explain that any institutions that wanted to maintain a position within the banking business in coming decades would have to “be in the Latino banking business.” MIF officials marketed this as a tremendous opportunity for banking institutions, suggesting that offering remittance-transfer services promised much more than a onetime service fee; beyond that, these services could be used to attract a client base in need of a full range of financial products and services (Interview with MIF staffer, 2009).

Similar direct-advocacy work with financial institutions, carried out by MIF staffers and those working in other development agencies, continued in later years. It has been particularly common for these advocates to make their pitches at the meetings of financial-services trade groups. For example, the IAD's Manuel Orozco, along with representatives from the U.S. Federal Reserve Bank, U.S. Bank, and Wells Fargo, participated in a session entitled "Remittances—Sizing the Revenue Opportunity in Cross-Border P2P" at the Banking Administration Institute's (BAI) 2008 "BAI Payments Live" conference, where they discussed strategies that banking institutions might employ to gain a foothold in the lucrative remittances market. These advocates have also regularly participated in the meetings of the National Money Transmitters Association (NMTA). As he spoke to the money-transfer operators assembled at the NMTA's 2008 convention, Gregory Watson of the MIF suggested that providing remittances services was "not just corporate social responsibility; it is a market opportunity for all of you." Then he argued that:

There has to be a business case and it has to be part of your business model to offer these types of products, to not look at a remittance client as just a client that you're taking the money from for the transaction, but that you're building a relationship with . . . and that you have a strategy going forward to cross-sell other products. I know that that's what the successful banks that have been working in this sector have been doing and . . . there's a lot of room for partnerships between MTOs and banks in this regard.

(Watson, 2008)

Just how entrenched these direct-advocacy efforts had become was made patently clear with the NMTA's decision to organize a 2010 meeting, entitled "IMTC Mexico 2010, the

International Money Transmitters Conference,” in conjunction with the “RemesAméricas” conference organized by the Inter-American Development Bank in Mexico City in May 2010. This latter forum was advertised as “a platform that provides a space for dialogue and discussion where actors in the remittances market can exchange lessons learned and successful experiences with projects implemented over the last 10 years in Latin America and the Caribbean.”³ We will see more of these direct-advocacy efforts in the case study of the *Directo a México* program in chapter 5.

THE DESIGN AND DIFFUSION OF BEST PRACTICES ON REMITTANCES

This work of conducting research into the remittance-transfer industry and identifying competition as the key factor driving down costs to consumers led to the second type of cost-reduction work carried out by the development agencies and their allies. This was to draw up recommendations for financial institutions, government officials, and civil society about “best practices” regarding regulatory issues, barriers to market entry, and the potential use of new technologies in the industry. The MIF drew up a set of such recommendations, which were presented at its 2004 regional conference in Lima, Peru (MIF, 2004: 3–4). These “basic” or “core” recommendations, later reproduced in many of the program’s reports and promotional materials, were apparently written in collaboration with a broad set of remittances stakeholders. In unveiling these core recommendations, MIF manager Donald Terry described them as a set of best practices among the private sector and remittance-service

providers, public authorities, and civil society that would assure a more efficient, transparent, and competitive market:

In order to help reach [its policy goals], the MIF, after consulting with an Advisory Committee of 22 organizations, is today issuing a set of Core Recommendations to Promote Best Practices in the Latin America and Caribbean Remittance Market:

REMITTANCE INSTITUTIONS—improve transparency; promote fair competition and pricing; apply appropriate technology; seek partnerships and alliances; expand financial services;

PUBLIC AUTHORITIES—do no harm; improve data; encourage financial intermediation; promote financial literacy;

CIVIL SOCIETY—leverage development impact; support social and financial inclusion.

(Terry, 2004: 4)

A report from an Inter-American Dialogue “Task Force on Remittances,” also released in 2004, offered similar recommendations. That report outlined a series of agencies and interventions that could lead to transfer-cost reductions and an increase in the participation of remitters and recipients in the formal financial system. Again in this report, we find that the recommendations are targeted not just at state policymakers but at a wider swath of remittance stakeholders, including banks and other financial institutions, migrant associations, and nongovernmental organizations. In fact, one of the more striking features of the recommendations coming from these agencies is their antistatist nature. In the IAD task-force report, for example, governmental authorities are repeatedly enjoined to help facilitate the realization of the remittances-to-development objectives; these prescriptions, however, do not entail much in the way of proactive state action that could help accomplish the objectives. Instead, the recommendations offer up a litany of

actions that states should not take, lest they interfere with the smooth functioning of market forces that promise to bring about an efficient and competitive industry. Thus, the report makes the following series of admonitions to public authorities: “Governments should not, for instance, limit the amounts or restrict the destination of remittances, nor should they seek to prescribe how remittances are sent or used. They should not set prices for remitting institutions, nor should they collect taxes on remittance transfers” (IAD, 2004: 14). The overall message is summarized a few short lines later, using language identical to that found in the MIF’s core recommendations, where we are told that the report’s “strongest recommendation to governments and international agencies is to follow the advice of Hippocrates to the medical profession—first, do no harm” (IAD, 2004: 14).

When the issue of remittances was addressed by Group of Eight (G8) leaders in 2004, fully incorporating remittances into the heart of official development discourse and practice, this led, among other things, to the formation of a working group on the “payment-system aspects” of remittances that would release another set of recommendations in 2007 (Bank of International Settlements and The World Bank, 2007). Here again, this report, written on behalf of a task force composed of representatives from central banks in both remittance-receiving and remittance-sending countries, as well as from the international-development agencies, was based on the “belief that the best way to reduce the price of remittance services and make them more accessible is to encourage competition—in particular, to make the market for remittances more open and thus ‘contestable’” (Bank of International Settlements and The World Bank, 2007: 2). From this belief, the G8 task force developed a set of five general principles designed to encourage transparent, efficient, and

competitive markets, “sound, predictable, non-discriminatory and proportionate” legal and regulatory environments, and “appropriate” governance and risk-management practices (Bank of International Settlements and The World Bank, 2007: 4). While the report is careful in suggesting that these “general principles” are “not intended to be prescriptive but rather to give guidance” (Bank of International Settlements and The World Bank, 2007: 1), nearly a quarter of the report is dedicated to developing a strategy for implementation of the general principles and detailing possible actions to ensure their realization.

Overall, the effect of these multiple iterations of best-practice recommendations by development agencies and researchers has been to construct, normalize, and diffuse a particular set of market-based solutions to the problem of high transfer costs, first developed for the Latin American region, across the entire globe.

PRICE-COMPARISON WEB SITES AND THE FORMATION OF KNOWLEDGEABLE CONSUMERS

The third type of governmental work carried out by development institutions and government agencies to lower transfer costs sought to make the costs of remittance-transfer services more transparent to consumers. In carrying out these activities these agencies and institutions demonstrated an apparent disbelief that the remittance-transfer companies themselves—that is, the market—would actually carry out the best-practice recommendations and “disclose in a fully transparent manner, complete information on total costs and transfer conditions, including all commissions and fees, foreign exchange rates applied, and execution time” (MIF, 2004: 3). But rather than pursue national

or international regulation of this sector of the financial-services industry, officials within these organizations again focused their energies on a market-based solution.

The most common technique used to make the full cost of transfer services transparent to consumers has been the construction of databases and Web sites that provide detailed information about the cost and characteristics (e.g., delivery times, geographic coverage, etc.) of all available services. Such databases and Web sites promise to equip remitters with all the information necessary to make a rational calculation of the transfer provider that best meets their service needs and economic interests. The Mexican Consumer Affairs Agency (PROFECO—Procuraduría Federal del Consumidor) initiated this type of information gathering and diffusion in 1998 with its “*Quién es Quién en el Envío de Dinero*” campaign.⁴ This continuing project provides weekly reports on the fees charged to send \$300 to Mexico by the various service providers operating in nine major U.S. cities: Chicago, Dallas, Houston, Indianapolis, Los Angeles, Miami, New York, Sacramento, and San Jose.

The United Kingdom’s Department for International Development (DFID) launched a similar initiative in 2005. DFID’s “*Sending Money Home?*” project ran a Web site—later privatized—that “provides consumers with an independent comparison of the best value services offered by Banks, Money Transfer Operators (MTOs), FX [foreign-exchange] providers and prepaid cards for transferring money abroad taking into account their fees, real-time exchange rates, speed and method of transfer.”⁵ The Send Money Home Web site would later expand beyond the UK transfer market to provide cost information about transfer services to and from nearly anywhere in the world.

The World Bank also launched a price-comparison Web site, entitled “Remittance Prices Worldwide.”⁶ The bank soon coronated itself as the leading authority on price-comparison databases and Web sites and even took on the role of certifying national databases. In a 2010 policy paper, the World Bank outlined twelve “mandatory requirements of a national remittance price database” (World Bank, 2010: 6). Under this policy, those national databases that met the minimum standards outlined were to be granted a World Bank seal of certification.⁷

The foregoing examination of these different types of governmental work that went into the construction of a market-based solution to the problem of high remittance-transfer costs demonstrates the significant role played by development institutions and public authorities in the construction of a competitive transfer market. As we have seen, the role that these agencies and organizations have played has largely eschewed the traditional role of a public authority that might be expected to implement and enforce legal and regulatory requirements. Such an option was, of course, always available, and it was at times contemplated. In the United States, for instance, representatives Luis Gutierrez and Barney Frank co-sponsored a bill in the 108th Congressional Session (2003–4), the International Money Transfer Disclosure Act, that would have mandated price transparency—full disclosure of fees and exchange-rate spreads—but that option did not make it through the legislative arena. Similarly, in the United Kingdom, the 2005 report of the UK Remittance Working Group suggested that consideration should be given to “whether it is practical to recommend that it be a requirement for remittance providers to display a single figure showing total charges” (UK Remittance Working Group, 2005: 28). In the end, DFID opted

not to implement a regulatory requirement. Instead, DFID drew up a voluntary “Remittance Customer Charter” that approximately half the transfer companies operating in the United Kingdom chose to adopt (Kansal, 2008). The major commitments that the companies accepted with this charter included providing migrant remitters, prior to initiating a transaction, with “an estimate” of the fees that they would be charged and “an indication” of the exchange rate to be applied to their transaction, if requested by the customer (UK Remittances Task Force, 2008). Even with this charter, then, it seems the transfer companies had still not committed to full transparency.

This rejection of mandatory rules and regulations illustrates how the governmental work of the development agencies and public authorities, rather than emphasizing the implementation and enforcement of legal requirements, was oriented toward the construction of a competitive, transparent, and efficient market for remittances services that, it was assumed, would meet the ultimate public-policy objective of lowering transfer prices. It is probably too early to tell whether the transparency offered by the proliferation of internet-based price databases, and the increase in competition within global transfer markets that such transparency may help to bring about, will contribute to significant price reductions over the long run. The results to date of these efforts at introducing greater price transparency have been impressive. Taking the Latin American region as a whole, the average cost to send \$200 from the United States dropped from 8.7 percent in November 2001 (Orozco, 2003) to 7.27 percent by September 2010 (Payment Systems Development Group, 2010). In the U.S.-Mexico transfer corridor the average price dropped from 7.95 percent in November 2004 (Orozco, 2004) to 4.47 percent by the second quarter of 2014.⁸

And while entry of new competitors into the market may be part of this story, it is also clear that some of these new entrants are attracted by the reigning price structure and the “frothy” profits that this price structure offers them. While we saw some of the larger banking institutions in the United States that entered the market in recent years offer their clients very low-cost or even no-cost transfer services (Wells Fargo’s “Express-Send” and Bank of America’s “SafeSend” products are two prominent examples), such offerings have been far from the norm. For the most part, according to a December 2010 analysis of the World Bank’s global-price database, the transfer services offered by commercial banks continued to be the most costly on offer (Payment Systems Development Group, 2010: 4). And recent developments suggest that many banks have shuttered their remittance-transfer windows altogether in response to limited consumer interest and/or perceived regulatory pressure to step up monitoring of cross-border money transfers. This has led some industry observers to suggest that the cost for transfer services may increase in the near future. (See Corkery, 2014.)

Most important, significant reductions in the average price of available transfer services would not on their own lead to billions of extra dollars remaining in the pockets of migrant remitters and their friends and family back home. Rational, price-centric behavior by migrant remitters is the essential causal mechanism that would translate market transparency, increased competition, and lower average prices into cost savings for migrants themselves. Only if remitters were to favor those market players offering their transfer services at the lower end of the price structure could market competition lead to the developmental outcomes promised by this line of the R-2-D agenda. However, migrants remitting monies to family and friends back

home may not act like automatons responding solely to price signals; convenience, familiarity, trust, and force of habit may be just as important as pricing when migrants make decisions among different transfer options. Migrants may someday come to resemble the ideal price-conscious consumer that they are assumed to be; but if migrants are going to act as good financial subjects, drawing upon a price-centric economic rationality to choose among the various remittance-transfer options available to them, they would need to be trained to think and act in this way. Such training is the objective of the financial-literacy campaigns analyzed later in this chapter and in chapter 5, below.

This reliance on financial-education and financial-training campaigns indicates the larger point: even if transparency and competition do eventually lead to significant price reductions and leave more money in the pockets of migrants and remittances recipients, this eventuality will not have resulted from the unleashing of market forces. The significant governmental work undertaken by development agencies and public authorities intent on constructing this particular type of market-based solution will be the underlying cause if the much-desired cost savings do indeed take hold.

LEVERAGING REMITTANCES FOR DEVELOPMENT

Beyond their efforts to reduce the cost of transfer services and leave more money in the pockets of migrant remitters and their family members, the proponents of the R-2-D agenda promoted means to leverage remittances for development by incorporating these monies within financial institutions and markets. As mentioned above in chapter 1, the question of the impact of migration and remittances on development processes in sending

communities, regions, and nations has long been of interest to scholars. The debates on the remittances-to-development problematic that unfolded in the latter part of the twentieth century were usually framed in terms of the use of remittances and their impact on economic life in sending communities. The central question at issue was whether remittance monies were (or could be) employed in productive activities. A camp of so-called pessimistic scholars (Alarcón, 2002) argued that the vast majority of remittances were gobbled up by everyday expenditures and conspicuous consumption, and thus contributed little to the expansion of productive capacity in migrant-sending regions (e.g., Mines, 1981; Reichert, 1981). In contrast, a more “optimistic” camp argued that even this consumption brought positive impacts as these monies circulated through the wider economy and brought about “multiplier effects” that spurred productive activity (Durand, Parrado, and Massey, 1996; Taylor, 1999).

Given these earlier academic debates about the relationships between migration, remittances, and development, the remarkable thing about the recent political and discursive interventions of the development industry regarding remittances is not that remittances were finally discovered as a potential contributor to development processes in the global South. The most important effect of the development institutions’ contemporary discourse on remittances-to-development has been to displace earlier discussions about the use of remittances and whether it is possible to channel significant proportions of these monies toward productive activity. In place of these earlier concerns, the contemporary discourse of remittances-to-development has centered attention not on migrants’ own use of remittances but on the pathways of transmission of their monies.

Building upon the representation of remittances as a financial flow, the recent interventions of the development institutions have had two principal effects. First, they have decentered the issue of the productive investment of remittances and effectively reframed the question of the development potential of remittances in terms of “financialization” (Erturk et al., 2007; Leyshon and Thrift, 2007; Langley, 2008). Second, in centering attention on the incorporation of remittances into financial markets, this discourse highlights the development potential of the products and services offered by banks and formal financial institutions and, consequently, devalues the alternative transfer options often employed by migrants, which range from the social-network-based services of Salvadoran *viajeros* (Mahler, 2001; Landolt, Autler, and Baires, 1999) or van operators in northern Mexico (Hernández León, 2008) to the formal-service providers, such as Western Union, that dominate much of the industry. In sum, these interventions have successfully rearticulated the nexus between migration, remittances, and development so that the issue on the agenda of the development industry is now mostly about how to leverage remittances for developmental purposes by incorporating the monies generated through cross-border migration into financial markets and formal banking institutions.

This leveraging of remittances for the purposes of financial development is envisioned in two principal ways: (1) by linking remittances to innovative financial instruments that could increase access to development finance in the countries of the global South; and (2) through the democratization of financial services whereby banks, credit unions, and microfinance institutions offer remittances-transfer services and begin to provide migrant remitters and remittance recipients expanded access to

a broader swath of financial services, including savings, insurance, and credit products. In what follows I briefly examine the issue of remittance securitization before moving on to unpack the “financial democracy” element of the R-2-D agenda. In both cases I analyze the discursive and programmatic aspects of these interventions and highlight the governmental work employed in attempts to make reality conform to these discursive models.

REMITTANCES AS AN INNOVATIVE SOURCE OF DEVELOPMENT FINANCE

A broad debate materialized in the early 2000s about potential new funding mechanisms—often characterized as “innovative sources” of development finance—that might help to reach the international-development targets contained within the Millennium Development Goals (MDGs).⁹ This search for new sources was necessitated because the traditional mainstay of development finance, the official development assistance (ODA) provided largely by the OECD member countries, was seen as falling short of the monies needed to meet these newest international commitments to development. The 2001 report of the “High-Level Panel on Financing for Development”—often referred to as the Zedillo Report—prepared for the United Nations in advance of the International Conference on Financing for Development to be held in Monterrey, Mexico, in March 2002 estimated that an additional \$50 billion per annum would be needed to meet the MDGs. Reaching this funding threshold would require a doubling of then-current ODA levels (High-Level Panel on Financing for Development, 2001: 20). Yet most observers believed that this ratcheting up of ODA funding was unlikely in the near term. Thus, the search for innovative

sources of development finance was begun (Atkinson, 2004: 4–6; Ketkar and Ratha, 2009c: 1).

Migrant remittances—now constituted as a financial flow, as we saw in the last chapter—have been a central component in these discussions of alternative sources of development financing. For instance, a study conducted by researchers associated with the United Nations University included “increased remittances by emigrants” as one of the seven innovative funding mechanisms examined, along with global carbon taxes and the “Tobin tax” proposal for taxing cross-border financial transactions (Atkinson, 2004; Solimano, 2004).

In most cases the integration of remittances into these discussions of innovative sources of development finance was understood in rather conventional ways. The only innovative features were that a previously overlooked financial flow was brought into discussions about development finance and a variety of mechanisms were identified through which “remittances can support economic growth in recipient countries” (Solimano, 2004: 177). The integration of remittances within discussions of development finance reached its zenith (or perhaps its nadir) with the publication of the 2002 report by the U.S. Agency for International Development (USAID) entitled “Foreign Aid in the National Interest.” One chapter within that report, penned by Carol Adelman, a fellow at the Hudson Institute, identified migrant remittances as an integral part of the development assistance provided by the United States. Adelman argued that the “full measure” of U.S. foreign aid could be understood only by including private, nongovernmental sources of foreign assistance and development aid in addition to official government assistance (USAID, 2002: chapter 6; see also Adelman, 2003, 2009). This exercise was designed to counter the

widespread portrayal of U.S. “stinginess” in regard to development assistance (USAID, 2002: 131). Including private sources of development assistance, the scale of U.S. foreign aid more than doubles—jumping from \$23.6 billion in official U.S. government assistance in 2000 to over \$52 billion, according to the report’s estimates (USAID, 2002: 131).

The extraordinary aspect of this new, fuller image of U.S. development assistance is that the “private assistance” figures, while including the voluntary contributions made by corporations, foundations, and other private donors, are made up predominantly by migrant remittances—which, at \$18 billion in 2000, constitute 55 percent of private assistance and 32 percent of total U.S. development assistance in this new definition. Two things are worth noting about this particular way of integrating migrant remittances into discussions about development finance. First is the brutal irony of positioning remittances as a fundamental component of development aid at the same time that the United States pursued increasingly harsh immigration and border-enforcement policies. The policy contradiction is stunning. While U.S. policymakers were dedicating increasing resources to curtail the flow of unauthorized migrants and thus make the trek across the U.S.-Mexico border much more treacherous (see, among others, Andreas, 2001; Cornelius, 2001; Nevins, 2002; Martínez et al., 2014), the remittances sent home by those migrants who had successfully skirted these efforts at deterrence were presented as evidence of the foreign-aid “largesse” of the United States (Adelman, 2003). Second, the report illustrates that, despite repeated pronouncements by the champions of the R-2-D agenda that these monies should not be understood as a substitute for ODA (see Ratha, 2007: 8; Vargas Lundius et al., 2008: 7), in practice migrants’ remittances have been used to

justify limited expenditures on development assistance, at least within U.S. development-policy circles.

While it is difficult to find much that is really innovative about this incorporation of remittances into discussions of development finance, another set of scholars and policy entrepreneurs—mostly affiliated with the World Bank—were working on other ways to link migration and remittances to “innovative financing for development” (Ketkar and Ratha, 2009b). Authors such as Dilip Ratha, Suhas Ketkar, and their associates¹⁰ have analyzed and promoted a number of financing mechanisms related to migration and remittances that might “expand access to capital and lower borrowing costs” for developing countries and subsovereign and private-sector entities within them (World Bank, 2006: 86). In the view of Ketkar and Ratha, this need to expand access and cheapen the cost of capital for developing countries derives from changes in the structure of global finance in the wake of the global debt crisis of the 1980s. According to the history they narrate, financing for developing countries in the period leading up to the 1980s debt crisis came nearly exclusively from bank loans. As part of the resolution to the crisis brokered by the U.S. Treasury Department beginning in 1989, much of the outstanding debt held by developing countries was then converted to bonds. And while this “switch from bank loans to bonds increased the availability of capital[,] in all likelihood it also increased the volatility of financial flows” (Ketkar and Ratha, 2009c: 5). Thus, in a period marked by a dearth of official development assistance and increasing reliance on capital markets for development finance, it is the volatility of capital flows to developing countries that explains the contemporary search for innovative sources of development finance; as these World Bank researchers say, “Little wonder that developing countries and financial markets have attempted to come up with

innovations that provide access to funding during times of financial stress” (Ketkar and Ratha, 2009c: 6).

This conclusion may accurately describe the rationale for seeking out innovations in development finance given the current structure of global capital markets. But in identifying developing countries and financial markets as the agents behind this search for innovations, the authors minimize their own role, and that of the institution they are attached to, in constructing, promoting, and implementing these innovative mechanisms. In discussing the principal remittances-related financial innovation promoted by these scholars—the securitization of remittances as a future-flow receivable—I want to illustrate not just the structure and promised outcome of this innovative financial mechanism but also the governmental work engaged in by these policy experts as they sought to bring such a model into being.

Researchers with the World Bank have been analyzing and strongly promoting the use of remittances-backed securities over the last decade (Ketkar and Ratha, 2001, 2004–5, 2009a; World Bank, 2006; see also Terry, 2005: 14). How does this process of remittance securitization work? And how exactly would this leverage remittances for developmental purposes? Like the securitization of other “future-flow receivables” in the developing world, the design of securitized remittances transactions is aimed at generating an improved credit rating for a particular bond transaction by setting up an offshore “special purpose vehicle” through which future payments will be channeled before reaching the government or private-sector issuer of the securitized bond (Ketkar and Ratha, 2009a: 26–29).

Let me try to illustrate this innovative financing mechanism with a hypothetical example. A Mexican financial institution that

processes a significant volume of remittance transfers, paying funds to recipients in Mexican pesos—let’s call this hypothetical institution “Banco Jalisciense”—might attempt to leverage the remittance funds that flow through it by floating a securitized bond and pledging future remittances receipts for repayment. As part of this transaction, a special-purpose vehicle would be created in the United States. Other banks and financial institutions would be instructed to channel future remittance payments to be processed by Banco Jalisciense through this special-purpose vehicle. Before any future remittance funds ever reach Banco Jalisciense, the special-purpose vehicle would use the incoming remittance monies to pay off bond investors. Only after these payments to investors have been satisfied would excess funds then be forwarded on to Banco Jalisciense for distribution to remittance recipients.

The securitization structure promises significant benefits to bond investors in that “the government of the borrower cannot impede timely servicing of securitized bonds” (Ketkar and Ratha, 2009a: 27). As Gandy and Festa (2001) argue, the structure of future-flow receivable securitization is designed to mitigate the risk of “sovereign redirection,” whereby a government facing a severe economic crisis

may attempt to interfere with or redirect hard currency cash flows. . . . To mitigate these risks, obligors sign acknowledgements agreeing to make payments into trust accounts maintained outside the emerging-market country. These acknowledgements are typically governed by New York law, thus requiring an emerging-market government to convince a U.S. court to allow the redirection of these payments in violation of a security document, which is highly unlikely. (Gandy and Festa, 2001: 92).

These risk-mitigation features built into the securitization structure promise, in turn, to allow borrowers to access credit on more favorable terms, which in effect gives financial institutions and government agencies within developing countries the ability to “pierce the sovereign credit ceiling and obtain financing at lower interest costs and for longer duration” (Ketkar and Ratha, 2009a: 27). Improving a borrower’s investment rating and providing access to credit on more favorable terms are thus the central benefits offered by the securitized transaction.

Such securitization schemes are seen as a promising tool for governments and firms in the global South to further leverage remittances (Ketkar and Ratha, 2009a: 39). Analysts of securitization repeatedly emphasize that there is significant potential for growth in this “asset class,” which—if exploited—could greatly expand access to global capital markets (Gandy and Festa, 2001: 95–96; World Bank, 2006: 103; Ketkar and Ratha, 2009a: 36–39). For instance, World Bank researchers project that, by taking advantage of the opportunities for the securitization of remittances, “developing countries could potentially issue nearly \$9 billion and low-income countries could raise up to \$3 billion annually from international capital markets” (World Bank, 2006: 103).

In these discussions, this specific outcome—improving access to capital markets—comes to signify the ultimate goal of development. This seems far removed from the search for alternative sources of funding to meet the Millennial Development Goals (MDGs), the task that had apparently given rise to the exploration of “innovative sources of development finance” in the first place. But this result does give us an indication of the political meaning and implications of this World Bank–promoted investment vehicle and project. The objective here would seem to be

as much about using remittances as a vehicle to further extend the reach of financial markets in the global South as it is about finding new mechanisms to channel monies toward any type of human-centered development.

In his pioneering analysis of efforts to channel remittances into securitization instruments, Luis Eduardo Guarnizo suggests that this type of financial innovation results in a situation wherein “migrants are unintentionally providing, through their monetary transfers, badly needed hard currency to complement and even subsidize some of the consequences of neoliberal reforms imposed by international financial agencies on developing countries” (Guarnizo, 2003: 688). He concludes that the use of migrants’ monetary transfers to improve the creditworthiness of their highly indebted home governments is “a clear expression of the creative malleability of capitalism to accommodate to new circumstances to reproduce itself” (Guarnizo, 2003: 689). Such a reading of the meaning and import of these innovative new financial instruments represents “capitalism” as a coherent unity itself capable of enacting changes in the world that will reproduce the conditions for capital accumulation. In concluding this section I would like to offer a different reading.

Rather than viewing these recent innovations as an indication of the internal and inherent capacities of capitalism to continuously rework itself to meet its functional requirements, I want to emphasize the key role of development and economic expertise in conjuring up these innovative financial vehicles and promoting their application and extension across the world. This means highlighting the significant governmental work undertaken by the policy experts and entrepreneurs within institutions like the World Bank who have taken it upon themselves to analyze, promote, and implement these financial-market-driven

mechanisms for channeling resources for development to the global South.

To begin, it is important to acknowledge all the work done by development-industry officials and their associates—analyzed in the previous chapter—that went into the construction of remittances as a stable, growing, and countercyclical financial flow. This particular construction of remittances as a financial flow lays the groundwork for the expansion of financial instruments and markets into this domain. In fact, we may say that these financial innovations are possible only because this portrayal has been widely circulated and has taken root, giving rise to the expectation that migrants' future remittances will provide a steady and reliable stream of debt-service payments. But the researchers within the World Bank have done more than this in their attempts to promote these financial innovations as a means to further leverage remittances for development. The analytic work these policy experts have carried out on the history, present utilization, and future potential of these innovative mechanisms has been directed toward the identification of “constraints that have held back the issuance of future-flow-backed transactions” (Ketkar and Ratha, 2009c: 8).

Finally, having brought these constraints out into the open, these authors and the institutions they work for identify public-policy options for overcoming the constraints and fully exploiting the potential of this market-based instrument. In these discussions they identify at least three ways that international financial institutions (IFIs) like the World Bank could help expand the use of this asset class. First, it is suggested that these institutions could “at the very least . . . play a useful function of educating public sector bureaucrats and private sector managers in developing countries” on the benefits of future-flow

securities transactions and how they can and should be structured (Ketkar and Ratha, 2009a: 51). IFIs also have a role in encouraging countries to adopt an “appropriate legal infrastructure,” mainly in terms of reforms to bankruptcy laws so as to recognize the “true-sale” of future asset flows, thereby granting these security instruments immunity from liquidation in any bankruptcy proceedings (Ketkar and Ratha, 2009a: 49–50). Finally, these institutions could “boost the growth of future-flow remittance securitization” in more direct ways as well, such as by providing “credit enhancements,” “direct or indirect guarantees,” or credit-default swaps that would work to provide a series of benefits to investors, which would likely expand their thirst for these investment vehicles (Ketkar and Ratha, 2009a: 50–51).

I will further analyze the meaning of these different forms of governmental work that go into the construction of these remittances-related financial innovations in the conclusion to this chapter. But first let me move on to examine a final theme within the R-2-D agenda—leveraging remittances to promote the democratization of financial services.

MIGRANTS, REMITTANCES, AND THE DEMOCRATIZATION OF FINANCE

The goal and the promise of the theme of “financial democracy” within the R-2-D agenda is most clearly articulated in the MIF remittances-program cluster’s materials promoting its model of “remittances as a development tool.” In these documents, the aggregate volumes of remittances that the development agencies have painstakingly endeavored to document are represented as “financial flows in search of financial products” (Terry,

2005: 14). This leads to the following description of the particular financial products that can serve to leverage remittances for development:

Over the past five years, remittances have undergone dramatic changes. Over the next five years, the system can be entirely transformed.

By the end of this decade, remittances to Latin America and the Caribbean can be moved from the current “cash to cash” system into the electronic or digital transfer system of “account to account.” The technology is already available; what is needed are entrepreneurial business plans and appropriate regulations frameworks. The costs of sending money home will continue to fall. More people will be brought into the financial system and remittances will be leveraged by linking flows to local microfinance institutions, home mortgages, and even the securitization of bonds for on-lending to local small businesses. (Terry, 2005: 14)

While the founding document of the MIF remittance-program cluster also proposed efforts to channel some portion of remittances toward productive activity, within a few short years the program had largely abandoned this objective to focus intensively on the issues of incorporating migrant remitters, their family unit, and their monies into the formal banking system as a way to unleash financial democracy. This would soon become the dominant and recurring portrayal of the remittances-policy objective being pursued by much of the international development industry, forming the core of the MIF remittance cluster’s agenda (Terry, 2005: 10–12; Orozco and Wilson, 2005: 385–89) and the work of allied organizations such as the IAD and the IFAD (IAD, 2004: 9–15; 2007: 9–13; Vargas Lundius et al., 2008: 42–47). The strategic logic of valorizing efforts to incorporate remittances within financial markets

over attempts to encourage direct migrant investment in productive activity also prevails in much of the work on remittances coming out of the World Bank. For instance, Dilip Ratha, undoubtedly the World Bank's leading advocate of the R-2-D agenda, argues that "efforts to channel remittances to investment have met with little success" and suggests as an alternative that "encouraging remittances through banking channels can improve the development impact of remittances by encouraging more saving and enabling better matching of saving with investment opportunities" (Ratha, 2007: 8).

In the elaboration of the financial-democracy agenda, MIF officials have drawn connections to (and legitimacy from) the influential policy prescriptions of the Peruvian development economist Hernando de Soto (2000) and the U.S.-based management guru C.K. Prahalad (2004), who have, in their own distinct ways, argued that fully incorporating the poor within the dynamics of global capitalism, recognizing their value as both entrepreneurs and consumers, holds the key to the eradication of global poverty and inequality. The MIF discourse compares migrant remitters and their family members with de Soto's informal entrepreneurs—who are unable to free the "dead capital" locked within their untitled assets (de Soto, 2000)—and suggests that the former could potentially wield significant economic power, if only their unseen assets were recognized by financial markets and institutions. The discourse identifies the rationale for banks and other financial institutions to open up to migrants and remittance recipients, granting them access to formal financial services in that, echoing Prahalad (2004), these long-ignored potential customers represent a "fortune at the bottom of the pyramid." (See Terry, 2005: 8.) Drawing on these neoliberal mantras to present the case for financial democracy,

the MIF program has thus articulated the R-2-D agenda in a way that centers the logic of market transactions and incentives, rather than the guiding hand of state agencies or international authorities that might facilitate the connection between remittances and development. This is illustrated in the following excerpt from my interview with Donald Terry, where he contrasts his organization's emphasis on freedom, choice, and "more options" for consumers with the more heavy-handed conditionalities that the international financial institutions put on their loans in the recent past:

The real challenge here, and the real effort, is to leverage the development impact of those resources. For the first six months or so when we were realizing how big these flows were, I used the phrase that we should try to channel this money into more productive activities, and then I sort of slapped myself, realizing how f-ing arrogant I was. Because it's not our money; it's not like conditionality on loans that these international organizations make. So the mantra really is: You leverage the development impact by giving the people who send and the people who receive more options to use their money. . . . The challenge, as I put it now, is to turn the world's—because I'm now dealing with the world, and it's \$300 billion, it's not \$75 billion, you know. Can you take what is the world's most effective poverty alleviation program—and again, foreign-aid people don't like to hear that, but that's too bad. Can you take the most effective poverty-alleviation program and turn it into the world's largest and most effective grassroots economic-development program? I think it is an effective poverty-alleviation program. It is not—remittances is not an effective local economic-development program, but it could be. And particularly it could be if you were to get the banking systems of both the sending and receiving sides better at this.

(Interview with Donald Terry, April 26, 2009)

The effect of this discursive turn connecting remittances with financial democracy was to provide a way out of the impasse of the earlier scholarly debates—the question was no longer about the specific pernicious or beneficial economic effects brought about by remittances or about how to design public policies that could effectively channel a greater portion of these monies toward productive endeavors. In place of these earlier concerns, the purveyors of the R-2-D agenda posited a new model, whereby remittances could contribute to development if the logic of financial markets were extended to this as-yet untapped source of capital, if the monies of migrants and their family members were effectively leveraged within formal financial institutions.

It should be noted that, although often left unstated, the objective in leveraging remittances for development (much like the recent Mexican-state migration policies analyzed in chapter 4) is largely about stimulating economic activity in migrant-sending regions as a means to diminish pressures for future outmigration. This was made explicit, for example, in the presentation that the IFAD remittance-program coordinator Pedro de Vasconcelos made at the 2008 International Money Remitters Convention.

De Vasconcelos used the graphic contained here in figure 3.1 to explain to his audience that the efforts of the international-development community to leverage remittances were designed to break a vicious cycle of migration-remittances-dependency:

[This is] the main idea from the development [community] that is interesting to understand. There is a circular phenomenon where if you send the remittances, they're sent, they're received, consumed, therefore you create some need and they are a circular phenomenon. If you can leverage remittances at some point, when they are

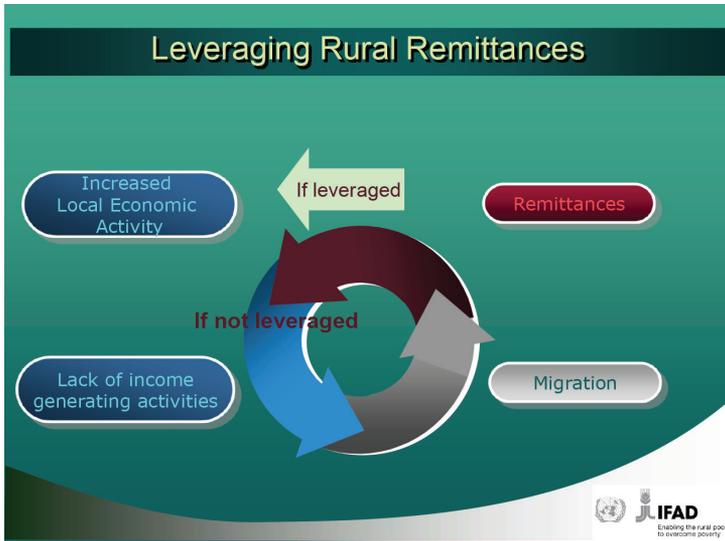


Fig. 3.1. IFAD graphic showing the potential effects of leveraging remittances. (Source: de Vasconcelos, 2008: 12.)

received, by giving them, by giving those who are using them more options—more options is more margins to use the money, basically, use their cash. More options to invest their cash. More options is also the way they receive it, just through a money transfer company, or they can receive it in financial institutions. These are the more options. That leverage effect can be enhanced by actually using, for instance, small businesses in rural areas. When you do that, you create local economic activity and at the end you expect to have a lesser need to migrate. So this is basically the philosophy behind it. (de Vasconcelos, 2008).

But how, exactly, is this conquest of financial democracy, this particular means of leveraging remittances flows, supposed to materialize? As we have seen, the neoliberal rationality of the MIF centers the logic of the market as the driving force behind

the transformations it envisions. For Terry (2005) the central factors driving financial democracy would appear to be the incorporation of new communications technologies, the creative energies of entrepreneurs, and the facilitating role of an “appropriate” regulatory environment. Elaborating the model of the agencies behind the leveraging of remittance flows in this way serves to displace attention from the governmental work required of the development agencies, and the partners they may be able to enlist in service of their project, to bring this vision of financial democracy into being.

This is, of course, necessary if the promoters of the R-2-D agenda are to distance themselves from the tainted history of disastrous interventions by the international financial institutions during the era of structural-adjustment programs, as we saw in Terry’s denunciations above of earlier efforts by officials within international organizations—himself included—to direct the actions of their target populations, be they debt-strapped governments or transnational migrants. In place of such policy mandates, the champions of financial democracy celebrate the exercise of individual freedom, migrants’ choice in the financial marketplace. But, of course, achieving this would also require the significant deployment of governmental power by officials within the MIF and allied organizations, because the forces and incentives of the market have not yet been enough to make their utopian vision of financial democracy into a reality.

While at the rhetorical level R-2-D policy entrepreneurs minimize the work that would be required to recruit banking institutions to provide transfer services and convince these and other financial institutions to create and market new remittance-related financial products,¹¹ the actual process of constructing financial democracy in the here and now—making reality

conform to this discursive representation—involved significant governmental work to enlist government agencies and financial institutions as partners in the project of incorporating remittances within financial markets.

The portfolio of projects funded and implemented by the MIF remittances cluster provides a concrete illustration of the types of governmental work that went into the construction of financial democracy and “more options” for migrant remitters and remittance recipients. The cluster’s projects have addressed remittances in a variety of ways, including the efforts to improve data collection and reduce transfer costs analyzed above, and, in early years, even to promote migrant investment in productive projects (Hall, 2010). But without a doubt, the cluster has been most active in promoting projects aimed at leveraging the developmental potential of remittances through their incorporation within formal financial institutions, including banking institutions, insurance companies, and specialized housing-finance companies. These projects recruited banks, credit unions, and microfinance institutions to provide remittance-transfer services; they encouraged financial institutions to create new remittance-based financial products and “cross-sell” these to remitters and recipients; and they helped fund financial-education campaigns designed to form migrants and members of their transnational households into appropriate financial subjects capable of and interested in utilizing these new financial products and services.

The MIF program’s portfolio included a variety of “banking the unbanked” projects across the continent that encouraged banks and other financial institutions to provide remittance-transfer services and create and cross-sell other financial products and services to their remittances clients. A project in the Dominican Republic, carried out in collaboration with a microfinance institution

specializing in providing credit to women (Banco ADOPEM), for example, sought to establish relationships with international remittance-transfer companies that would allow the bank to operate as a receiver and distributor of remittances. Beyond this, the project aimed at the development of new “remittance-linked financial products,” including life and accident insurance as well as a variety of “scheduled savings plans” to pay for education costs or a family vacation. (See Hall, 2010: 75–79; MIF-IFAD, 2005.)

Another project, this one carried out with the non-governmental organization (NGO) Apoyo Integral in El Salvador, also endeavored to create new remittances-based financial products. The “transnational credits” designed through this grant project were offered for a range of purposes, including land or home purchases, home improvements, and small-business formation. (See Hall, 2010: 71–74.) An even more ambitious project with the Mexican government’s second-tier development bank/credit union Banco del Ahorro Nacional y Servicios Financieros (BANSEFI) aimed at creating the technological infrastructure that would allow over fourteen hundred affiliated institutions to receive and pay out remittances in both rural and urban areas across the country. This project also contemplated creating a variety of new financial products, such as debit cards, credit cards, and housing-savings plans, that could be used to recruit “remittance recipients as clients” (Hall, 2010: 81). The MIF program’s emphasis on developing these new financial products was due in no small measure to the fact that, for the relatively small financial institutions that often partnered with MIF on the projects, making remittance transfers is “not inherently profitable (unless scalable to a great degree) and entities must rely on cross-selling other products and/or lowering the cost of the remittance service to achieve benefits” (Hall, 2010: 148).

Another common type of project within the MIF portfolio attempted to channel remittance monies into housing markets across the continent. Projects carried out in Colombia, El Salvador, Ecuador, and Mexico worked toward the design and marketing of transnational mortgage products to fund the purchase of houses in migrants' countries of origin. A common challenge faced in each of these projects was to find an appropriate means to spread the word among remittance senders about the availability of these new transnational mortgage products. Promotional materials were often distributed through consulates abroad. In the Salvadoran case, this strategy proved unsuccessful, because, according to Hall (2010: 32), "the majority of the people who visit the consulates are undocumented, and therefore not a target clientele for the mortgage product." The MIF-funded project in Colombia appears to have come up with the most ambitious marketing plan for the remittances-based mortgage product, as the implementing agency designed a national database including the names of remittance recipients to be used in marketing their newly designed financial products. (See Hall, 2010: 16.) In addition to its use in marketing the new transnational mortgage product, the information gathered for the database of remittance senders and receivers was to be used to create a credit-scoring model that would include remittances receipts. A similar attempt to create and refine new credit-scoring models to assess the creditworthiness of potential mortgage holders was also contemplated in a project with the Ecuadorian financial institution *Mutualista Pichincha S.A.* (Hall, 2010: 34–38).

It is worth noting that many of the institutions involved in these banking-the-unbanked projects with the MIF decided to cancel or suspend their new remittances-related financial

products as a result of the global financial crisis unleashed in late 2007. This decision was directly related to the particular characteristics usually attributed to remittances when constructed as a financial flow—their nature as “countercyclical flows.” The promise of R-2-D was predicated on this characterization: financial institutions recognized transfers as largely unprofitable, but offering transfer services might make sense if financial institutions could link remittances to new and innovative remittances-related financial products and services. However, the profitability of these remittance-related financial products could be realized only if remittances were indeed a stable financial flow. In the aftermath of the global financial crisis, many of the financial institutions that were recruited into the policies flowing from the R-2-D agenda have come to see that these financial flows were susceptible to the turbulence and instability of the global political economy. For these institutions, it would seem that their clients may not have conformed to the MIF’s representation—noted in the previous chapter (see Meins, quoted in *Migrant Remittances*, 2008: 9)—that the resilience and adaptability of migrants, their willingness and ability to take on new jobs and work longer hours, would ensure a continuing flow of remittances.

The financial-education component of the MIF program’s financial-democracy agenda is aimed, in essence, at reducing the divide between the discursive representation of migrant remitters and their households as entrepreneurial subjects and the actual financial and economic practices of migrants and remittance recipients. The discourse animating the financial-democracy project represents migrants and their family units as “profoundly entrepreneurial” (Terry, 2005: 7), as rational actors who have set upon the path of cross-border mobility in

no small measure because they lack access to credit and investment financing at home. The challenge of financial democracy is depicted as one of overcoming the exclusionary attitudes and practices of banking institutions in both the United States and the LAC region. This representation of the problem they faced was a common theme in my interviews with MIF program officials, who repeatedly condemned the past practices of LAC banking institutions that explicitly defined their clientele in classist terms. One MIF official, for example, suggested that “cultural problems” in some countries led bankers to exclude working-class people “in their sombreros,” believing that their banks were only for “people in suits who work in Telefónica” (Interview with MIF staffer, 2009).

If the problem facing the promoters of the financial-democracy agenda were only about migrants and remittance recipients being excluded from banking services, then successful work in convincing banks to open up access and provide new remittances-related financial products would be enough to unleash the far-reaching benefits they envisioned. But despite this rhetorical emphasis on the exclusionary practices and attitudes of banking institutions, the financial-democracy effort could never be limited solely to the work of convincing banks to open up to migrants and their family members; it must also attend to the ideas, practices, and identities of the migrants and remittances recipients at the center of the project.

In 2009, reflecting the limited success of this financial-democracy project, an MIF program document suggested the need for a restatement of the program’s strategic orientation. Accordingly, the program would now place front and center the issues of financial inclusion and banking the unbanked:

To continue moving towards the objective of financial inclusion, MIF has taken on the task of reformulating its strategy, orienting it more clearly towards projects that allow for a clearer diagnosis of the problems facing the region in terms of financial inclusion and on the role that remittances can play in terms of improving access to financial services by the underserved segments of the population.

(Analistas Financieras Internacionales, 2009: 18)

While this statement represents increased attention to the barriers to financial inclusion as a reformulation of the program's strategy, it is probably more accurate to say that the already-existent financial-education or financial-literacy components of the decade-old strategy began to take on greater significance and become the program's strategic priority. This is to say that, despite rhetorical moves to represent migrants and their households as already-existing entrepreneurial subjects, a significant component of the R-2-D agenda has addressed the need to engage directly with the process of forming migrants and remittance recipients into good financial subjects. An important part of the MIF program's work, and that of many other allied organizations (see, for example, IAD, 2004; Appleseed México, 2010), has thus involved financial-literacy or financial-education campaigns. The 2010 external evaluation of the MIF program notes that eleven of its funded projects were at least partly focused on financial education (Hall, 2010: 203). These efforts have been directed, according to Orozco and Wilson (2005: 380), at the task of "creating new incentives—and the capacities needed for people to respond to these incentives—[in order to] make important changes in the way people think about and handle their money." Building these capacities for migrants and remittance recipients to respond rationally to the new financial products on offer is necessary work because "many migrants and their families lack

financial literacy and thus are impeded in their ability to take advantage of new products and services” (Orozco and Wilson, 2005: 385).

The MIF representative Gregory Watson sounded a similar note in his presentation at the 2008 National Money Transmitters Association meetings. Noting the central role that the MIF and other development institutions could play in helping to mold migrants and their family members into new financial subjects, Watson told the financial-services-industry representatives gathered at the conference that “you need to create demand for those [cross-selling] products and the way that you do that is by having the people involved in the transaction understand the benefits to them of those products. And that is a role that international institutions such as the IDB and others need to take seriously—which is to help build demand for these services” (Watson, 2008).

The financial-education component of the development industry’s work thus often assumes that the failure of migrants and their family members to utilize financial services is a consequence of their ignorance of the products and services on offer from formal financial institutions. It is for this reason that they need to be educated about the benefits of formal financial services. This assumption tends to ignore another potentially relevant factor that could explain the limited use of the products and services of formal financial institutions, namely a mistrust in these financial institutions bred from personal experiences and the historical memory of financial crises, asset freezes, and bank/credit-union collapses across the continent. (See Bair, 2005: 118; Fagen and Bump, 2005: 234; Hernández-Coss, 2005; Paulson et al., 2006.) In addition, as pointed out by Paulson et al. (2006), when analyzing the financial services available to migrant remitters, cost comparisons do not always favor banks over check

cashers and other informal financial services. This is because migrants, who like other people in low-income communities tend to experience fluctuating incomes and often live from paycheck to paycheck, can be left vulnerable to high fees and penalties for account overdrafts. These fees and penalties often make the financial services provided by banking institutions even more costly than those of the so-called alternative financial-services providers (Paulson et al., 2006: 20). For these reasons, we may reasonably believe that the problem facing the advocates of financial democracy is not simply the exclusionary practices of banking institutions, nor either the ignorance of migrants and their family members of the products and services on offer by those institutions. It may be that the phenomenon of financial exclusion is just as much the consequence of migrants' and remittances recipients' well-justified self-exclusion from these institutions.

To sum up, this section has examined the significant governmental work required to bring to life the vision of financial democracy. MIF officials and their allies recognized that financial institutions did not and would not open up to poor migrants and their family units solely as a response to market signals. Nor for that matter would migrants automatically flock to these institutions even if they were to become more welcoming of remittances costumers. Thus, those promoting this financial-democracy project engaged in a coordinated effort to entice financial institutions at both ends of migrants' transnational networks to join their project. These efforts included: (1) recruiting financial institutions to provide remittance-transfer services; (2) funding projects with financial institutions and NGO partners to create innovative financial products and services that could be cross-sold to migrants and remittance recipients; and (3) funding and promoting a variety of campaigns to educate migrants and their family members about financial institutions, products, and

services, and about their utility. In fact, if market signals had any significant impact in terms of the project of financial democracy, this appears to have come as a result of the global financial crisis, which actually drove many of MIF's partners to suspend their remittances-related financial products because of the instability of remittance flows.

CONCLUSION

In this chapter I have documented and analyzed three facets of the R-2-D agenda. The policies and practices contained within each of these facets of the broader agenda link remittances to development in different ways. This should really come as no surprise. Development is a positively charged "empty signifier" that can take on a wide variety of meanings (Ziai, 2009). In our case, the different facets of the R-2-D agenda posit a direct connection to the much-vaunted development by means of (1) reducing remittance-transfer costs and leaving a few extra dollars in the pockets of migrants, and (2) integrating migrants and their monies within formal financial institutions that will provide them access to financial products and services from which they were previously excluded, and (3) by incorporating aggregate remittance flows within financial markets via securitization, which will help generate a new source of development finance for governments and subsovereign entities in the global South.

As components of a broader neoliberal agenda, the different policies and practices of these three facets share important features. Most important, all three lines of the R-2-D agenda being pursued by the international financial institutions and their partners promote market-based solutions that will help remedy

the problems they have identified, namely high transfer costs, financial exclusion, and the shortfall in development financing. However, as the preceding analysis demonstrates, what progress has been made in addressing these problems has not been driven by market forces. Rather, the construction and implementation of these market-based solutions has relied heavily on the significant governmental work undertaken by actors within the international institutions and by their partners in national governments, NGOs, and private-sector firms.

My intention in highlighting the governmental work done to bring about these market-based solutions is twofold. First, I am aiming to demonstrate the wide gulf between the ideology of market fundamentalism and the reality of neoliberalism in practice. The purveyors of this agenda may wish to portray the market as the preferred mechanism for resolving the socioeconomic and political problems that they have identified. But these governmental agents cannot sit back idly waiting for market forces to do their magic; instead, they actively intervene in an effort to bring about the market-based solutions that they envision.

Second, I hope that this analysis will provide a counter to accounts of contemporary political-economic transformation that center agency in the abstract logic of capitalism itself, or that portray governmentality as an anonymous, if not agency-less, mode of power. As I have demonstrated, we can identify the specific agents, institutions, and interventions aimed at putting into operation the governmental power that would help transform existing reality and bring about market-based solutions to the problems of migration and (under)development.

In many ways the materials examined in this chapter suggest that the particular neoliberal project pursued and diffused by these governmental agents works to depoliticize the issues of

migration, remittances, and development—at least at the level of public-policy debates.¹² These efforts at depoliticization can be seen in a review of research on the connection between migration and development penned by two World Bank researchers. That article begins with the assertion that “the central question about migration is not whether there should be more or less of it, but which policy options, adapted to their varying circumstances, countries have to increase the development impact of migration and remittances on their economies” (Page and Plaza, 2006: 318). This exemplar of the types of interventions in policy debate undertaken by the purveyors of the R-2-D agenda demonstrates their efforts to reduce the space for political debate and discussion, centering attention on public policies that governments of the global South can adopt to leverage remittances for developmental purposes. This and similar attempts to limit the issues up for debate displace attention from the migration-related policies of governments in the global North and, thus, studiously ignore both the barriers to lawful entry faced by migrants from the global South as they venture to the North and the unenviable experience of those migrants who risk the trek across increasingly militarized borders and, if they are successful, often endure long periods of dislocation from families and communities of origin.

In this sense, the R-2-D agenda may have depoliticizing effects (or intentions) on the imagining and discussion of political alternatives. It is worth questioning, however, just how effective the R-2-D agenda has been in reshaping reality to fit its policy models and objectives. The extent to which the discourse and practice of the R-2-D agenda have been successful at engaging migrants and their family members as “governable subjects” (Ghertner, 2010) who see themselves and act in the ways they

are expected to be one of the central questions addressed in the book's next part. In this excavation of Mexican-state migration policy and recent collaboration between government agencies and financial-services firms in the United States and Mexico we see the origins, content, and consequences of the R-2-D agenda on the ground in North America.

PART 2

The Long Road to Financial Democracy in North America

*From State-Led Transnationalism to
Intergovernmental Collaboration*

Bringing Remittances into the North American Economic- Integration Project

*A Genealogy of Mexican State-Led
Transnationalism*

This second part of the book shifts from the discursive production of remittances as a development tool at the global scale to examine the R-2-D agenda as it hits the ground in particular migration-sending and receiving regions. The focus here is on the ways that the R-2-D agenda came into being in North America. This particular regional focus is instructive for a number of reasons. First and foremost this is because of the importance of Mexican migration to the United States, as this is one of the largest and most sustained cases of international migration in the contemporary period. In addition, as we will see, in order to help advance the (trans)national development project the Mexican government has elaborated over recent decades a sophisticated set of state-led transnationalism policies designed to capture the political, economic, and social resources of its migrants living abroad. These policies are often portrayed as

exemplars of best practice for other migrant-sending states to learn from and emulate. And, importantly, this case illustrates well how, in the market-oriented zeitgeist of the new millennium, such efforts became an important vehicle to further “roll-out neoliberalism” (Peck and Tickell, 2002: 384), promoting the financialization of migration and remittances in collaboration with key players within the governments of migrant-receiving countries, international institutions, think tanks, and private financial institutions.

This chapter endeavors to make sense of the increasing collaboration on remittances and development policy seen in recent years between public authorities from Mexico and the United States. It traces the evolution of Mexican state-led transnationalism over the last quarter-century and identifies how the policies animating it connected with the R-2-D agenda in the early 2000s. For analytic purposes, a distinction is made between two types of policies making up the Mexican state-led transnationalism project: *migrant policies*, attending to *los mexicanos en el exterior*¹ and attempting to (re)incorporate them within an emerging transnational development project, and *emigration policies* that may play a role in managing the outflow of migrants to the North.²

The discussion divides the evolution of these policies into three clearly distinct periods. The first of these periods marks the beginning of an ongoing, extraterritorial nation-building project and the elaboration of a coherent set of *migrant policies* pursuing rapprochement with *los mexicanos en el exterior*. This extraterritorial project included a radical reimagining of the Mexican nation and its boundaries in explicitly transnational terms; however, during this period state policy and discourse remained silent about the continuing outflow of migrants and

any responsibility that the government might have for managing it, as officials held steadfastly to the notion that U.S. immigration policy was an issue of domestic sovereignty and strictly off-limits to the Mexican government.

The second period, beginning with the election of Vicente Fox in 2000 and running up to September 11, 2001, saw the continuation of the emigrant policies of the previous decade, although Fox and his administration gave these policies a more prominent public profile than had their predecessors in the Partido Revolucionario Institucional (PRI). What marks this period most clearly is that the Fox administration abandoned the government's silence on U.S. immigration policy and began to gesture toward an *emigration policy* that would recognize migration and its management as a "shared responsibility" (U.S.-Mexico Migration Panel, 2001) of both the U.S. and the Mexican government. Negotiators from the two governments gave serious consideration to such a policy during numerous meetings between March and September 2001. But the viability of any significant reformulation of North American migration policy along these lines lost all traction following the terrorist attacks of September 11th.

The final period, from September 11, 2001, forward, has seen the further institutionalization of emigrant policies, including the creation and consolidation of the Instituto de los Mexicanos en el Exterior (IME). What remains of emigration policies in this period, focused on the objective of enhancing the developmental impact of migrant remittances, has increasingly converged with the R-2-D agenda. These policies have been reduced to a very limited, market-oriented collaboration between the United States and Mexico aiming to contribute to development in migrant-sending regions, including migrants and their monies

within formal banking institutions, and expanding access to financial products and services all across Mexico. That is, the novelty of the emigration policy pursued earlier in the Fox administration—seeing migration management and policy as a responsibility shared between the governments of Mexico and the United States—has been reduced to a project of bringing migration and remittances into financial markets.

FROM A “POLICY OF HAVING NO POLICY” TO THE
“GLOBAL MEXICAN NATION”

The administration of Vicente Fox often ascribed novelty to its approach to migration policy. In a speech to the Mexican-American Legal Defense and Educational Fund just prior to his inauguration, Fox claimed that “Mexico’s migration policy of the past—a policy that consisted of having no policy—ends today” (Fox Quesada, 2000a). Although embedded here in the rhetoric of Fox’s ambitious project of full-scale economic and political change, the notion of the “policy of having no policy” has a long lineage.³

A decade after the demise of the Bracero Program, the temporary labor-import program that brought millions of Mexicans to work in the United States between 1942 and 1964, the administration of Mexican president Luis Echeverría decided in 1975 to abandon attempts to renegotiate a bilateral migration accord with the United States, because “the proposed conditions were not in line with Mexico’s interests” (Echeverría, 1976: 159). In the years following that decision, Mexico declined to engage in discussions over migration with the United States, believing that any such discussions could adversely affect the continued flow of migrants northward and potentially sour the larger, bilateral

relationship with the United States (Alba, 2007; Délano, 2006). Writing in the mid-1980s, in the context of debates in the United States that would eventually lead to the passage of the 1986 Immigration Reform and Control Act (IRCA), Manuel García y Griego (1988) encouraged the Mexican government to reconsider its strategic options, reject this “policy of having no policy,” and work toward the development of an explicit, national policy on migration.

By all lights Mexican policymakers took this advice to heart. In the aftermath of the IRCA and its granting of legal status in the United States to over two million Mexican nationals, Mexican officials were forced to recognize that their country was a “nation of emigrants,” that migration would continue to be an ongoing feature of its national identity and development strategy, and that its foreign policy needed to be adapted to that reality (Fitzgerald, 2009; González Gutiérrez, 2006: 200; Robert C. Smith, 2003). This recognition led to the formation of a coherent set of state-led transnationalism policies addressing the newly imagined global Mexican nation (Guarnizo, 1998). The central pillar in this effort was the Programa para las Comunidades Mexicanas en el Extranjero (PCME), created in 1990. The objectives of this program were threefold: to maintain cultural ties between Mexico and its nationals and their descendants living abroad; to promote migrant investment in sending communities; and to protect the rights and “promote the development of Mexicans in the United States” (Robert C. Smith, 2003: 306). In furtherance of this mission, the PCME carried out a variety of activities, including the creation of Mexican cultural institutes in major U.S. cities, which helped to raise awareness about Mexican history and culture; promoting the formation of migrant organizations, such as sports leagues and home-town associations;

and sponsoring exchange programs designed to keep Mexican-American youth connected to the homeland.

Beyond policymakers' spontaneous recognition of the country as a "nation of emigrants," explanations for why the Mexican government was driven to create the PCME in 1990 usually center on two interrelated political-economic factors. First, the PRI regime needed to shore up its political legitimacy among migrants in the aftermath of the 1988 elections. The PRI candidate, Carlos Salinas, emerged victorious from those elections, but his victory was marred by allegations that his main opponent, Cuauhtémoc Cárdenas, had been robbed of the election through vote rigging, disappearing ballot boxes, and other electioneering tactics long mastered by the PRI regime. Cárdenas had found significant support for his campaign among Mexicans in the United States, and the creation of the PCME was part of a strategy aimed at quieting opposition tendencies within the diaspora (Alarcón, 2006: 159). As the Mexican consul in Los Angeles at the time put it: "One of the greatest protest marches against the outcome of the elections took place in Los Angeles. This led to an awakening in Mexican political circles. . . . This recognition took place in the context of a radical reformulation of Mexico's foreign policy. What we want to do now is build bridges with the Mexican community" (José Ángel Pescador, quoted in Dresser, 1993: 94).

The second factor helping to explain the creation of the PCME was the "radical reformulation of Mexico's foreign policy," alluded to by Pescador in the quote above. As Mexico turned toward a neoliberal, export-oriented economic model in the 1980s, and particularly after the election of Salinas, the government began relying on its "embassies and consulates to promote the country's image, inform the principal financial,

political, and academic centers abroad about the country's internal changes and, in general, take full advantage of the opening and thus attract more foreign capital, technology, and trade" (González Gutiérrez, 1997: 50).

Enacting this shift was tricky, because the Mexican constitution enshrines a set of principles to be used in shaping the nation's foreign policy. Given these perceived constitutional constraints, the Salinas administration and its successors were not able to eschew completely the nation's long commitment to principles such as self-determination, nonintervention in the internal affairs of sovereign nations, and caution in the face of asymmetrical power relations with the United States. The turn away from those revolutionary nationalist principles and toward an export-oriented economy and more open integration with the United States was made possible only by a reinterpretation of the constitutional mandate. Officials within the Salinas administration began suggesting that the principles contained in the constitution were simply abstract orienting devices to be used in the pursuit of concrete interests. (See Dresser, 1993: 91.) This new interpretation gained its most explicit expression at the beginning of the next *sexenio*, when the Zedillo administration's Plan Nacional de Desarrollo (PND, National Development Plan) argued that:

Promoting our interests in the areas of national security and foreign policy is a political balancing act in which our principles should reinforce and orient but never restrict or limit the actions of the state. In facing our current challenges, it is indispensable that we make clear that our constitutional principles are effective not in the abstract but only inasmuch as they promote an adequate defense of our interests, the defense of an essential part of our sovereignty.

(Poder Ejecutivo Federal, 1995: 14)

This ideological shift in foreign policy facilitated the creation of the PCME, as it also allowed for a rethinking of the country's relationship with *los mexicanos en el exterior*. According to González Gutiérrez (1997: 51) "the NAFTA negotiations encouraged consular officers in the United States to abandon their self-imposed and exaggerated cautiousness, which was based on a rigid interpretation of nonintervention." In the context of the shift toward greater integration with the United States, "it became possible for Mexico to also redefine its relationship with Mexicans and Mexican Americans in the United States" (Robert C. Smith, 2003: 309). Central to this redefined relationship was the development of closer ties with "Hispanic elites with influence in the U.S. Congress" (González Gutiérrez, 2006: 197), particularly during discussions over NAFTA. In a nutshell, Mexicans and their descendants living abroad were no longer to be seen as *pochos*, those tragic figures caught between two nations, not fully incorporated into either one and forever lost from the homeland (Michael Peter Smith and Bakker, 2008). Instead, in the eyes of the state bureaucracy, *los mexicanos en el exterior* had been transformed into potential bearers of political and economic capital that could be channeled toward the service of the national interest.

There is a certain irony in this turn toward rapprochement with *mexicanos en el exterior* enacted by the Salinas administration. The key architects of the policies implementing this agenda went to great lengths to frame the Mexican state's efforts at establishing closer links with migrants and their descendants in the United States as something distinct from intervention in the sovereign affairs of the United States. For instance, Carlos González Gutiérrez (1997: 63) argues that "the mandate of Mexican consulates is limited by the need to respect the internal

jurisdiction of the United States. A sine qua non of the consul-ates' activities is to ensure that nothing that they do constitutes interference in the domestic matters of the host country." Interestingly, these rapprochement policies seem to find their foundation in the worries of Mexican-state officials about new risks to the sovereignty of their own state in an increasingly globalizing world. For instance, Salinas's National Development Plan (PND) states that the risks faced by countries in the new world of instantaneous communication have less to do with the traditional threats of occupation or political intervention but instead have more to do with the use of media and communication technologies to influence public opinion, "to penetrate a nation's traditions, the communication among its groups, and finally, its sense of self-esteem" (Poder Ejecutivo Federal, 1989: xii). It was this framing of new challenges to sovereignty in the emerging post-Cold War order that justified the Salinas administration's "radical reformulation" of the nation's foreign-policy objectives and its efforts to "intensify rapprochement with organizations and leaders abroad who can influence their country's relationship with Mexico" (Poder Ejecutivo Federal, 1989: 27).

In sum, as part of its broader efforts to buttress the political legitimacy of the PRI regime and generate support for its turn to a neoliberal model of global economic integration, from the late 1980s forward the Mexican government has consistently engaged in efforts to cultivate improved ties with *los mexicanos en el exterior*. As one analyst concluded: "The administration of Carlos Salinas de Gortari (1988–1994) broke with the past by creating new and coherent bureaucratic structures that had an unprecedented reach. Since Ernesto Zedillo took office in 1994, the Mexican state has consolidated Salinas' initiatives" (Guarnizo, 1998: 60).

When viewed against the backdrop of these developments, Vicente Fox's claim to novelty for his migration policy can be seen as a misrepresentation of recent history and the substantial changes in migration policy that had occurred in the previous two *sexenios*. In one important sense, however, his assertion carried real validity. The reconceptualization of foreign policy and Mexico's role in the world carried out by the PRI administrations of Salinas and Zedillo went only so far. Officials in these administrations had certainly used their more open approach to foreign policy to develop more intensive emigrant policy and establish closer relations with *los mexicanos en el exterior*. But those administrations held steadfastly to the principle of nonintervention when it came to U.S. immigration policy, suggesting that this was an issue of domestic sovereignty and strictly off-limits to the Mexican government. And this kept them from elaborating any significant new approaches to emigration policy.

Apparently, government officials still held to the logic that this situation offered Mexico the best of both worlds: the government reaped the benefits of migration bound for the United States—as it served as a safety valve releasing pressures for social change and generated much-needed foreign currency in the form of migrant remittances—but did not have to take on any responsibility for regulating migrant flows. In the words of one well-placed analyst: “The country's authorities and experts always believed that their neighbor to the north would never be able to close down the border, and that any negotiation between the two countries on immigration would inevitably entail some sort of Mexican co-responsibility in deterring outflows of an unauthorized nature. Better let sleeping dogs lie” (Castañeda, 2007: 55).

By the mid-1990s, significant tensions regarding undocumented-migration flows were (re)emerging. The local concerns of border residents were leading to increasingly anti-immigrant policies in

the United States, such as California's Proposition 187, and border-enforcement policies such as Operation Hold the Line and Operation Gatekeeper. These local concerns were transported to the federal level, helping to create the inhospitable policy debates that would lead to the enactment of two pieces of anti-immigrant legislation in 1996: the Personal Responsibility and Work Opportunity Reconciliation Act and the Illegal Immigration Reform and Immigrant Responsibility Act. In this context, the Zedillo administration did develop closer relations with its counterparts in the U.S. government. This move led to growing intergovernmental contacts, information exchange, the development of working groups, and a variety of other consultative mechanisms that served to "institutionalize the dialogue" between policymakers in the two countries (Alba, 2006: 36). However, despite these institutionalizing moves, Mexican officials still had not pushed past the position that immigration policy was an issue of domestic concern for the United States and that intervention in internal debates over these policies could be interpreted as violating U.S. sovereignty.

Under the leadership of Fox, by contrast, this marked caution against developing an explicit emigration policy that might give Mexico some say in shaping U.S. immigration policy came to an end. As part of a vision of North American economic integration that went further than that of his PRI predecessors, Fox and other top government officials moved decidedly to place the issue of migration at the top of the U.S.-Mexico bilateral agenda.

TOWARD AN EXPLICIT EMIGRATION POLICY: NAFTA PLUS AND THE WHOLE ENCHILADA

During the run-up to the election and as president-elect, Fox made waves in the United States by expressing his hopes for an expanded North American Free Trade Agreement—which

he took to calling “NAFTA Plus”—more akin to the European Union. When pressed for details on this NAFTA Plus, Fox never wavered in suggesting that a central element would be the elimination of controls on human mobility: “Our proposal is to move to a second phase of NAFTA where in five to ten years that border will be open to free flow of people, workers, transiting in the border between our two countries, same as we’re doing with products, services, and merchandise. (Fox Quesada, 2000b).

After Fox’s taking office and beginning substantive negotiations with the administration of U.S. president George W. Bush, the timeline for realizing this part of his vision moved from candidate Fox’s “five to ten years” to a more amorphous “medium to long term,” but the goal remained the same:

In the medium, or in the long term there should not only be a lifting of barriers for products, merchandise, services, or capital goods, but there should also be free movement of people, which we should be striving for as time goes on, because working together in this partnership for prosperity, together with the United States and Canada, we should be able to get there. (Fox Quesada, 2001b)

Opening the borders to human mobility was not the only feature of Fox’s NAFTA Plus proposal. He also envisioned an explicit and coordinated effort by the three partner countries to bridge the wide gulf in economic well-being separating Mexico from its partners to the North. During a gathering of business and political leaders in Los Angeles just months into his term, he outlined this part of his vision by referring directly to developments in the European Union:

The process of consolidating the European Union offers a number of positive lessons that can be learned from. In the European case, one of the things that I have mentioned is that they had the wisdom

and the ability to guarantee that each of the countries advanced together. Twenty-five years ago, the development divide between Germany and Spain was similar to the one that exists today between the United States, Canada, and Mexico. That divide was reduced, and almost eliminated, within 25 years because Spain progressed to such an extent that it almost caught up to the levels of Germany, England, or France. For that reason, when you work together as a team, when there is solidarity, when one works to meet that objective, those divides can be eliminated and, obviously, that is something that we aspire to do over the long term. That is, to eliminate the income gap between Mexico and the United States.

(Fox Quesada, 2001a)

What made possible Fox's articulation of this grand vision for NAFTA Plus when his predecessors had been unable or unwilling to do so? The obvious answer is regime change. Fox's victory put an end to the seven-decade rule of the PRI regime, and this gave him and his supporters a bounty of political capital, often referred to as a *bono democrático*, unknown to his predecessors. This political capital operated on two levels, internally and externally. On the one hand, toppling what for decades had seemed an invincible regime helped to generate a more expansive political imaginary that invested Fox, his government officials, and their supporters with the belief that large-scale change was not only possible but achievable in the here and now. Under the influence of this quasi-revolutionary fervor, imagining a closer and more egalitarian set of relations with the United States did not seem so remote as it had in the past.

The change in regime also granted Fox newfound political capital by altering the perception of the Mexican government by the international community. In doing so, the *bono democrático* granted the Fox administration the opportunity to push for

the expansion of the North American integration project well beyond what the PRI regime had been able to accomplish. This is not to say that regime change fully released Fox's government from the structural constraints faced in the past. To be sure, the foreign-policy objectives set out by the Fox administration in the Plan Nacional de Desarrollo mirrored those of the previous two administrations. For instance, like those earlier governments, the Fox administration continued to suggest that the new political and economic order brought about by globalization and the end of the Cold War necessitated a change in the foreign-policy agenda. And, like its predecessors, the Fox government also promised to respect the constitutionally mandated foreign-policy principles while arguing that those "general principles" should not be "exercised in the abstract, but must instead be focused on the defense and promotion of fundamental national interests" (Poder Ejecutivo Federal, 2001: 60).

However, having been brought to power through relatively free and fair elections, Fox was able to more credibly embrace the international community's "universal" norms of human rights and democracy. No longer worried about international criticism about the country's internal record on this score, the Fox PND put the promotion of democracy and human rights at the top of its foreign-policy agenda. This full-scale embrace marked a strong separation from the previous *sexenio*, when the respect for such international norms was qualified by worries of outside intervention, as in the following section of the Zedillo PND: "Mexico shares with all of humanity the objectives of defending human rights, combating drug trafficking and terrorism, struggling against ecological deterioration, and, even, promoting democracy, but it should assure that these not be used as a pretext to justify intervention in our internal affairs" (Poder

Ejecutivo Federal, 1995: 13). Fox's elevation of human rights and democracy as the fundamental pillars of Mexican foreign policy aimed to demonstrate that "Mexico had adopted as its own" these central pillars of U.S. foreign policy (Iruegas, 2006), in the hope that this might improve Mexico's bargaining position as it sought deeper integration with the United States. Thus, during an address to the U.S. Congress in September 2001, Fox used his government's adoption of these common values in justifying his vision for deeper North American integration: "Mexico and the United States should also work constructively to promote our common values across the region; by adopting a clear and congruent position, our governments can work together in confronting the most burning and pertinent issues in our hemisphere, like for example, deepening democracy and promoting human rights" (Fox Quesada, 2001d).

This newfound political capital allowed the Fox administration to go beyond the previous two *sexenios* in regard to establishing closer relations with and defending the rights of *mexicanos en el exterior*. In an oft-cited passage from its PND, the Zedillo government recognized that "the Mexican nation extends beyond the territory contained within its borders" (Poder Ejecutivo Federal, 1995: 20) and offered to the millions of *mexicanos en el exterior* expanded consular protection, greater efforts at defending their rights, a continuation of the programs gathered under the PCME, and the administration's support for legal reforms to allow for dual nationality. The Fox administration went one up on this effort at rapprochement. Beyond offering support, protection, and cultural bearings for *mexicanos en el exterior*, its PND suggested that "the issue of migration, particularly to the United States, requires a new long-term focus that will permit the mobility and residency of Mexican nationals in

a safe, dignified, legal and orderly manner, and which abandons the vision of the phenomenon as one of criminal enforcement, to recognize it as a labor and social phenomenon” (Poder Ejecutivo Federal, 2001: 61). That is, the Fox government not only continued with the policies of the previous two *sexenios* aimed at developing closer ties with *mexicanos en el exterior*, but additionally, it finally brushed away all remnants of the “policy of having no policy” and sought to initiate bilateral negotiations with the United States on the issue of migration.

The previous two administrations had been content with the economic integration with the United States brought about by NAFTA. And their efforts at rapprochement were designed to quiet opposition tendencies in the diaspora, maintain the regime’s political legitimacy, and cultivate political and economic capital to help serve “the national interest” and extend the neoliberal economic project. They did not attempt to negotiate for migrants’ expanded access to safe and legal entry into the U.S. labor market, because this could have contaminated the other issues on the bilateral agenda, most notably economic integration. Drawing from a vast reservoir of political capital after toppling the PRI regime, the Fox administration was able to fold the migration issue into a larger and more expanded vision of North American integration. Far from worrying that migration would taint the larger agenda, migration and *los mexicanos en el exterior* became the centerpiece of Fox’s vision of NAFTA Plus.

Political leaders in the United States did not immediately embrace President Fox’s long-term vision for an expanded North American partnership with limited restrictions on human mobility. But Mexican officials were nonetheless successful in getting migration and development onto the bilateral

agenda with the United States from the very first months of the Fox administration.

Not all the credit for initiating this dialogue and the broader momentum on migration reform in North America should be placed upon the shoulders of President Fox and his advisors. By the time Fox took office, concern with migration already was widely shared. NAFTA had not come through with its promised effect of improving the economic environment in Mexico so substantially as to reduce the flow of migrants to *el norte*. The greater institutionalization of U.S.-Mexican migration dialogue accomplished during the previous *sexenio* had brought together a group of government officials and migration scholars who produced a Binational Study on Migration and recommended to both governments “an enhancement of institutionalized and forward looking consultative mechanisms to identify and develop mutually supportive policy options” (Binational Study on Migration, 1998: 65). Furthermore, NGO campaigners on both sides of the border had made visible the alarming consequences of the U.S. border-control policies and their strategy of “prevention through deterrence,” which had led to a growing death toll among aspiring migrants, around five hundred of whom would perish in 2000 in their attempts to cross through ever-more remote and rugged border areas (Ong Hing, 2001: 136).

In this environment, a generalized hope had taken hold that a comprehensive immigration-reform package addressing the “problem” of undocumented Mexican migration to the United States might indeed be possible. In mid-2000 another distinguished panel of migration experts from the United States and Mexico was convened, this time by the Carnegie Endowment for International Peace and the Instituto Tecnológico Autónomo de México. Among the twenty-odd members of this

U.S.-Mexico Migration Panel figured two men who a short time later would come to occupy leading roles on the Mexican side of the subsequent migration-reform negotiations: Jorge Castañeda, who would hold the Secretary of Foreign Affairs post during the early years of the Fox administration, and Gustavo Mohar, who would become the lead negotiator for the Mexican delegation.

The panel's report, "Mexico-U.S. Migration: A Shared Responsibility," was timed for release just prior to the first official meeting between Fox and Bush, the "Guanajuato Summit" in February 2001. The report argued that numerous factors had come together in the first years of the new millennium to make the time ripe for migration reform. First, while the simultaneous inauguration of presidents in the two countries occurs every twelve years, this was the first time that both incoming presidents had come from the political opposition—if only because Fox's election represented the historic defeat of the PRI's seventy-plus-year hold on power in Mexico. A second factor was that a sustained period of economic growth in the United States throughout the 1990s had resulted in unprecedented job creation, record-low unemployment levels, and an increasing dependence on Mexican migrant labor. Growing recognition of this dependence, and concern with bringing this needed but legally unauthorized labor force out of the shadows and into a well-regulated system of labor migration, also made the current moment propitious. Finally, the expert panel suggested that complementary demographic trends in the two countries offered the possibility of a true "win-win" situation. For the United States, the specter of retirement for the baby-boom generation brought to the fore the need for significant new numbers of young workers to cater to the needs of its aging population. Given the booming economy and tight labor market, the report surmised, the vast

majority of these workers would have to be made up of immigrants and their children. Fortunately, Mexico was well positioned to offer these needed workers. While the demographic pressures driving migration were projected to subside within fifteen or twenty years, “in the absence of a profound structural transformation of the Mexican labor market, Mexico will continue to need to send many migrants to the United States” over that period (U.S.-Mexico Migration Panel, 2001: 9).

One of the hopes of the report’s authors, suggested in its title, was that it might help political leaders to reposition migration issues at the top of the bilateral agenda by recasting the management and regulation of the complex phenomenon as a “shared responsibility.” This could be done provided that forward-looking policy makers were willing to get past the conflict and stagnation of earlier negotiations over migration and come to see the issue as an “opportunity” rather than a “permanent bilateral problem” (U.S.-Mexico Migration Panel, 2001: 7). If that were done, the current conditions offered the possibility of a “grand bargain,” wherein formal recognition of U.S. dependence on Mexican labor could lead to agreement around four central issues: expanded access to temporary work visas and permanent-residency status for Mexican nationals; cooperative efforts to crack down on human-smuggling operations and to protect would-be migrants contemplating dangerous crossings; working together to build a viable border region; and cooperation on economic-development initiatives in Mexico, particularly those targeted on migrant-sending regions (U.S.-Mexico Migration Panel, 2001: 2, 17–32). The novelty of the report’s recommendations was to suggest that a realistic assessment of each country’s interests on the migration issue could lead to the trading of “safe, legal, orderly, and predictable” access to the U.S. labor market

for the Mexican state's commitment to support efforts to control future undocumented flows toward the United States. And in the long term, the demographic pressures driving large-scale Mexican migration would diminish, and the flow of migrants to the North could be expected to "naturally decrease and stabilize at moderate levels" (U.S.-Mexico Migration Panel, 2001: 2). This natural evolution of the phenomenon allowed the panel to envision, just as Fox had with his NAFTA Plus proposal, a future "North America with gradually disappearing border controls," where "*permanent migration within the 'region' could remain at moderate levels*" (U.S.-Mexico Migration Panel, 2001: 14, emphasis original).

The elements of this proposed grand bargain, and the strategic and demographic rationale to support it, would in large measure become the framework for the subsequent migration-reform negotiations between the two countries. Less than a month after taking office himself, U.S. president George W. Bush chose Mexico as the site of his first international visit. Meeting at the Fox family ranch in Guanajuato, the two presidents initiated a set of discussions on migration and development that would continue productively for months. At the end of their "Guanajuato Summit," the governments released a joint statement, entitled "Towards a Partnership for Prosperity: The Guanajuato Proposal," which described their accomplishments. The following excerpt from that statement shows just how much Fox's broad vision of expanding North American integration and the U.S.-Mexico Migration Panel's recommendations had been imprinted on their dialogue, even if these grand visions had been transformed into a more "realistic and pragmatic" (Alba, 2007: 327) statement of shared values, priorities, and commitments on the paired issues of migration and development:

Among our highest priorities is unfettering the economic potential of every citizen, so each may contribute fully to narrowing the economic gaps between and within our societies. We acknowledge the dynamism achieved through NAFTA, which has ushered in dramatic increases in trade that have transformed our economic relationship. After consultation with our Canadian partners, we will strive to consolidate a North American economic community whose benefits reach the lesser-developed areas of the region and extend to the most vulnerable social groups in our countries. To this end, we support policies that result in sound fiscal accounts, low inflation, and strong financial systems.

Migration is one of the major ties that bind our societies. It is important that our policies reflect our values and needs, and that we achieve progress in dealing with this phenomenon. We believe that Mexico should make the most of the skills and productivity of their workers at home, and we agree there should be an orderly framework for migration which ensures humane treatment, legal security, and dignified labor conditions. For this purpose, we are instructing our Governments to engage, at the earliest opportunity, in formal high-level negotiations aimed at achieving short and long-term agreements that will allow us to constructively address migration and labor issues between our two countries. This effort will be chaired by the Secretary of State and the Attorney General of the U.S. and the Secretary of Foreign Relations and the Secretary of the Interior of Mexico.

(Joint U.S.-Mexico Statement, 2001b)

Following the Guanajuato meeting, the newly formed high-level working group on migration would meet on three occasions between March and September 2001 and report substantial progress in reaching agreement on shared principles on migration policy. There was an expectation that these negotiations might produce a joint proposal in time for Fox's state visit to Washington on September 5-6, 2001. But, as domestic opposition in the United States flared up at the possibility of offering

“amnesty” and rewarding undocumented migrants for breaking the law, those negotiations slowed a bit.

In the meantime, under the leadership of Secretary of Foreign Affairs Jorge Castañeda, Mexico ratcheted up the pressure on the United States. Castañeda and the rest of the Mexican delegation continued to hammer home the point that the only way that acceptable progress on migration reform could be achieved would be by dealing with the multiple aspects of the complex issue as a package rather than in a piecemeal fashion. In making that case to the American public, Castañeda came to refer to the package in the colloquial language of “the whole enchilada.” Emanating directly from the U.S.-Mexico Migration Panel report, the five ingredients of this “whole enchilada” were: legalization of the undocumented population living in the United States; a lifting of restrictions on visas; expanded access to temporary work visas; cooperation on security, including saving the lives of migrants stranded in the desert and pursuing human traffickers; and the promotion of economic development in Mexico, particularly in migrant-sending regions.

Following the high-level working group’s third meeting, in August 2001, Castañeda and his U.S. counterpart, Colin Powell, sought to lower expectations that a deal might be brokered in time for Fox’s September state visit to Washington. In comments to the press following the working group’s meeting, Castañeda said that “this is not something that will necessarily come to an end following the Presidential visit. President Fox’s visit will be a very important step, but it is not the end of the road” (Cason and Brooks, 2001). The Mexican delegation thus seemed content with the progress being made within the framework of the high-level working group.

During the state visit in September, however, Fox used the opportunity to cast a challenge to his counterpart. After

elaborating again the message that his democratic election had ushered in a new era of U.S.-Mexican relations, characterized by deeper cooperation and enhanced prosperity for both nations, Fox told a crowd assembled at the South Lawn of the White House that:

The time has come to give migrants and their communities their proper place in the history of our bilateral relations. Both our countries owe them a great deal. And working together, both of us can build new conditions of fairness for them, as well as for the development and prosperity of our two nations. For this reason, we must, and we can, reach an agreement on migration before the end of this very year, which will allow us, before the end of our respective terms, to make sure that there is not a single Mexican in the United States who did not enter this country legally, and that those Mexicans who have come into the country do so with the proper documents.

(Fox Quesada, 2001c)

The hope that this agreement on migration reform could be reached by the end of the year, as is by now well known, came crashing down with the towers of the World Trade Center on September 11, 2001. Less than one week had passed since the historic meetings at the White House and Fox's speech at the Capitol, but it had become clear immediately that migration reform would take a back seat to the newly unleashed War on Terror. During his first weekly radio program following the terrorist attacks, Fox reported on his conversations with Bush:

This morning I spoke with President Bush. We have been in very close communication with them, with his administration, with the United States government. And this morning we were talking about how, while first things first and right now that issue [the terrorist attacks] has to be dealt with, President Bush, even with that tragedy, has not forgotten about his commitment to work toward

regularizing the status of migrants, of all of our *paisanos* over there in the United States, of working towards giving order to the labor flows going to the United States. (Fox Quesada, 2001e)

Despite those reassurances, it would not be long before the U.S. negotiators would make clear to their interlocutors that the United States was no longer actively working toward a reform deal (Cason and Brooks, 2002). By May 2002, at a speech in front of the Council of the Americas, in New York, Fox was unusually frank and pointed in his critique of Bush, going so far as to say that he was unhappy that talks had stalled and suggesting that “there cannot be a privileged relationship between the United States and Mexico without a real advance in substantive affairs in our bilateral agenda. And there cannot be a substantive advance without addressing in an integral way the theme of migration” (Fox Quesada, 2002a). At the inauguration of the November 2002 meetings of the U.S.-Mexico Binational Commission, Fox recognized that September 11th had forced both sides to give priority to security issues; but with a year now passed, he pleaded with the Bush administration, “Now is the time to start those negotiations again in earnest” (Fox Quesada, 2002b). Despite these calls, the window of opportunity had already closed for an integral reform package that would include both expanded access to legal immigration routes and legalization for the currently undocumented. Fox’s grand vision of NAFTA Plus had become another victim of the terrorist attacks.⁴

EXPANSION OF EMIGRANT POLICY IN THE POST-9/11 PERIOD

Carlos González Gutiérrez, one of the chief architects of the Mexican government’s emigrant policies since the early 1990s,

described the difference between the Fox administration and its predecessors in the following terms: “[Fox] attempted to raise the volume on everything we did. I mean, it’s not that these efforts at rapprochement had not existed earlier, but the arrival of President Fox brought an end to the secretive and under-the-rug efforts that characterized his predecessors” (Interview with Carlos González Gutiérrez, 2008). In what follows I analyze these efforts to “raise the volume” on the Mexican government’s *emigrant* policies, looking at two of the central emigrant-policy initiatives designed by the Fox administration in the post-9/11 period. These are the creation of the Instituto de los Mexicanos en el Exterior (IME) and the strategic redesign of a consular-identification card, the Matrícula Consular de Alta Seguridad.

INSTITUTIONALIZING THE DIASPORA: THE INSTITUTO DE LOS MEXICANOS EN EL EXTERIOR

Upon taking office, one of Vicente Fox’s first orders of business was to announce the creation of a cabinet-level office on migrant affairs, the Oficina Presidencial para Mexicanos en el Exterior (OPME). That office, headed by the flamboyant, Dallas-based Mexican-American academic Juan Hernández, coexisted with the other migrant-oriented policy vehicle, the Programa para Comunidades Mexicanas en el Extranjero (PCME), which had been operating within the Secretaría de Relaciones Exteriores (SRE) since the early 1990s. This coexistence was not always amicable, and frictions soon escalated between Hernández and the diplomatic corps led by Jorge Castañeda. These frictions led to the disappearance of the OPME in mid-2002. Later that year, the two bureaucratic structures were essentially fused together under a new agency within the SRE: the Instituto de los Mexicanos en el Exterior.

Shortly after the new institute was created, President Fox named a little-known migrant activist from northern California, Cándido Morales, as its general director; the rest of the institute's staff was drawn from the diplomatic corps. The new organization was charged with "elevating the standard of living of Mexican communities living abroad" and assigned a series of "attributes," including "to promote the revalorization of migration" and "to create meeting spaces and promote communication with and among the Mexican communities living abroad" (Secretaría de Relaciones Exteriores, 2003). In interpreting their mandate, IME officials understood the institute's main tasks to be: "institutionalizing the dialogue" between migrants and the state; identifying a common agenda and generating "synergies" between migrant leaders and the state; and helping to strengthen migrant leadership so that it could more effectively carry out its political agenda (Interview with Carlos González Gutiérrez, 2008).

Carrying out these tasks, the IME professional staff pursued what the institute terms an "information agenda" and a "services agenda" (González Gutiérrez, 2006: 203–11). In pursuit of its services agenda the IME serves as a liaison for the wide range of federal agencies offering services to *los mexicanos en el exterior* on topics such as culture, sports, education, health, and housing.⁵ The information agenda responds to the concern that "in order for the government of Mexico to engage in the frank, constructive, and systematic dialogue that it aspires to maintain with its diaspora, it needs to contribute to the consolidation of its interlocutor" (González Gutiérrez, 2006: 208). Among the main activities undertaken through this information agenda has been the e-mail distribution of daily summaries of media content, including national and local newspapers from Mexico, the

United States, and Canada, regarding migration-related topics. Consular staff also distribute more irregular e-mail bulletins promoting government projects and actions.⁶ In addition, the IME organizes each year a half-dozen Jornadas Informativas, three-day training events that bring migrant leaders from various thematic areas to Mexico City to “promote a better understanding of the migration problematic, the types of cooperation that Mexico can offer, and the position of the government on a variety of issues” (González Gutiérrez, 2006:209).⁷

In pursuing its information and services agendas, the IME has not proceeded much beyond the work of its predecessor, the PCME. However, the defining characteristic of the IME, and what clearly distinguishes it from the emigrant policies of earlier *sexenios*, is its Consultative Council (CCIME), an advisory body constituted by over one hundred migrants appointed to three-year terms. These hundred council members are selected through a variety of different local electoral processes in each of Mexico’s fifty-two consular districts in North America. The number of counselors is granted proportionally to each district based on estimates of its total Mexican-origin population. In addition to these elected leaders, the CCIME includes up to twelve members appointed by IME officials on the basis of their “merits and trajectory,” as well as another dozen members drawn from “Hispanic/Latino organizations representing the Mexican community abroad” (IME, n.d.[a]: 5). These council members are brought together on a semiannual basis to deliberate and offer nonbinding resolutions and recommendations to the Mexican government concerning the migrant community, its issues and concerns, and the types of policy instruments and reforms that may best address those concerns. In addition to generating policy recommendations, the CCIME and its

individual *consejeros* and *consejeras* assist the IME in its efforts to promote and implement state policies dealing with migrants (IME, n.d.[b]).

This organizational structure contributes directly to the realization of the IME's goals of institutionalizing state-migrant relations, creating synergies, and strengthening migrant leadership. The creation of the advisory body itself served to institutionalize relations between state officials and migrants, or at least a particular fraction of migrant leaders. By bringing together both elected migrant leaders and representatives of well-respected U.S.-based Latino organizations, the council also serves to strengthen and extend the political capacities of *los mexicanos en el exterior*. The design would appear to be an explicit effort to create dialogue and help overcome a long-standing schism within Mexican-origin leadership in the United States (Ayón, Brown-Gort, and García y Griego, 2008: 10). The IME's institutional structure brings homeland-oriented migrant leaders into contact with political networks engaged with what Michael Peter Smith has termed "the second face of transnational citizenship," activism at all levels of politics in the United States (Michael Peter Smith, 2007: 1105; Michael Peter Smith and Bakker, 2008: 167–83). Indeed, by bringing together successive leadership cohorts, the CCIME may serve as something of a laboratory spawning more formalized transnational-advocacy networks promoting the rights and interests of *los mexicanos en el exterior*. At the April 2008 CCIME meetings, it was apparent that these types of advocacy networks were already coming into being, as Consultative Council leaders announced the development of an American-Mexican Anti-Discrimination Alliance (AMADA), which had grown directly from the leadership networks formed within the CCIME.

While such emerging advocacy networks would seem to indicate that the IME's attempts to cultivate a core of migrant leadership and develop "synergies" with them and their organizations has borne real fruit, there are indications of continuing conflict and contention between government officials and migrant leaders brought together through the auspices of the IME. This was clearly evident during the CCIME meeting I attended in Dallas, Texas, in 2008. Underlying tensions in migrant-state relations were plain to see during the meeting's opening ceremony, which took place in the grand ballroom of a Dallas hotel. The ballroom was packed with hundreds of CCIME participants and invited guests facing a stage where Mexican president Felipe Calderón, Dallas mayor Tom Leppert, the governors of three Mexican migrant-sending states, and two migrants chosen from among the CCIME leadership all sat. As these dignitaries left their seats to take their turns at the microphone, it was clear that this was a moment for grand visions and symbol-laden expressions of the "global Mexican nation."

The visions expressed by migrant representatives and government officials were not altogether consonant. Government officials each gave their own personalized variant of the latest discourse of the Mexican state regarding migration: that migration was "a bad deal" for Mexico, a social ill that needed to be eradicated. The governor of Colima, Jesús Silverio Cavazos, expressed this position most clearly when he stated:

In Mexico we are trying hard to change conditions so that our country can create real opportunities for Mexican families, opportunities that will make it so we no longer have any migrants. This is your dream, and it is also our dream. We don't want to see you all

here. We know that you have come here because Mexico still doesn't have the opportunities needed for all of us that were born there, but we are working towards this. (Cavazos, 2008: 1-2)

The migrant leaders who spoke did not immediately adopt this "dream" and equate expanded opportunities in Mexico with the need to put a full stop to migration bound for the United States. In fact, the migrant leaders who spoke seemed to more fully embrace the language and imagery of another prominent facet of state discourse on migration, with its evocation of the heroic migrant living abroad as a vital element in the national project. The migrant speakers highlighted their continuing attachment and presence in the social spaces and political processes of Mexico, even though they had left the physical territory of the state. María Antonieta González, a CCIME *consejera* from San Antonio, articulated this vision eloquently. She began with a statement of her notion of the extraterritorial Mexican nation, saying "the motherland has no borders, because wherever you find a Mexican, that place is Mexico." She continued by addressing President Calderón directly:

To claim that my humble message reflected the consensus of what all Mexicans feel would be impossible. It's not even the feeling of all migrants. But where there is a total consensus is in our commitment to Mexico. We migrants are like trees whose branches extend in all directions as they grow.

So, now let me offer you this little gift to mark your visit here with us. . . . It is a small gift to remind you of your visit; it is a compass with the following message: Mr. President, remember that we are to the North, but our roots and our hearts are in your hands, and they are in Mexico. (María Antonieta González, 2008)

With this message, Ms. González suggested that some of the CCIME leadership continued to embrace the earlier policy

discourse regarding the global Mexican nation that extends beyond the territorial bounds of the nation-state. In this imagery, migrants would appear fully at home living lives that straddle the U.S.-Mexico divide—in sharp contrast to the new “dream” of political leaders like Governor Cavazos, who are now suggesting that migrants’ life projects should be oriented toward a return to the places where they were born.

A second migrant, Miguel Ángel González, from Santa Ana, California, continued in a fashion similar to Ms. González, emphasizing the duality of migrant identity and the engagement of migrants as political subjects in both countries. He was very insistent on migrants’ dual political engagement, evoking on numerous occasions the immigrants’-rights marches that broke out across the United States in 2006 and drawing upon some of that movement’s key slogans, such as *Si, se puede*, and *Somos muchos, y seremos más*. González received warm applause when he said that while migrants were increasingly demonstrating their political power in the United States, they needed to advance more into Mexico. Seemingly putting into question the value of the CCIME as a body that represents migrant interests, he called for constitutional reforms that would allow for migrant seats in the Mexican Senate and Cámara de Diputados, so that migrants themselves could legislate on migration issues because, having lived the experience *en carne propia*, they were the only ones who could know the trials, tribulations, and needs of migrants living in the United States. He would finish off this idea by saying, “Mexico should be a positive example of what it means to be a binational state” (Miguel Ángel González, 2008).

The competing messages offered at this event indicate that migrant leaders may have taken the image and discourse of the

“global Mexican nation” embedded in the policy discourse of previous administrations more seriously than today’s government officials recognize or desire. They also suggest differing levels of commitment on the part of migrant leaders and government officials to the task of constructing durable political institutions that reflect the transnational character of the social fields created through the migration process and that valorize migrants’ lives and their struggles. But more than anything, they suggest that even with the creation of the CCIME the Mexican government may still be some distance away from fully developing a “common agenda” with migrant leaders.

THE CREATION AND PROMOTION OF THE MATRÍCULA CONSULAR DE ALTA SEGURIDAD

The terrorist attacks of 9/11 constituted a significant challenge for the state-led transnationalism efforts of the Mexican government.⁸ The ultimate success of the transnational-development project relies upon migrants’ prosperity and continued inhabitation in the United States, at least in the near term. In the aftermath of 9/11 Mexican government officials acted quickly to minimize the adverse effects that those events would have for migrants, lest they undermine migrants’ ability to sustain their transnational lives. The SRE drew upon its consular-protection mandate in an attempt shield undocumented Mexican migrants living in the United States from an increasingly hostile political climate, unveiling in 2002 a new “high-security consular-identification card” (the Matrícula Consular de Alta Seguridad [MCAS]) and embarking on the arduous task of negotiating its acceptance by public and private agencies across the United States.

Despite significant limitations,⁹ the Mexican state's revamping of the consular-identification card can be seen as an important tactical move in the struggle for the rights of Mexican migrants in the United States. Skillfully reading the political conditions in the United States and anticipating a much more adverse environment for undocumented migrants in the country, Mexican diplomatic officials adopted as their own the language of "security" and took on the task of updating the procedures and requirements for obtaining the *matricula*. These were crucial steps if the MCAS were ever to gain legitimacy as a valid form of identification in the United States, particularly given the increased scrutiny that identification documents were to face after revelations that some of the September 11th hijackers had used fraudulent documents to obtain social-security numbers and drivers' licenses.

The Mexican government's proactive campaign promoting the use and acceptance of the MCAS (see González Gutiérrez, 2006) took advantage of the multiscalar federal structure of government in the United States. In spite of a contracting political-opportunity structure for migrant rights in the immediate aftermath of 9/11, Mexican officials were able to find allies and gain political victories in local, state, and federal venues. Their campaign was basically three-pronged, involving: direct negotiations with financial institutions and officials at all levels of the U.S. government seeking acceptance of the MCAS; a more diffuse public-relations campaign designed to generate a favorable political climate for its acceptance; and promotion of the card among migrants themselves.

The overall message of this offensive was that the acceptance of the MCAS promised to offer greater security to migrants and the general public, as well as generating added economic benefits.

To local governments and law-enforcement agencies, Mexican state officials argued that accepting the MCAS would reduce unnecessary government expenditures by allowing migrants detained for minor infractions to be released with a citation rather than hauled off to jail because their identity was unable to be ascertained. To this audience they also identified how acceptance of the MCAS would contribute to law-enforcement agencies' community-oriented policing models, suggesting that acceptance of the card would facilitate greater cooperation with authorities, as migrants who might otherwise feel insecure about reporting crimes or coming forward as witnesses would do so if they knew their identification would be recognized. Another closely related claim was that crimes against migrants could be reduced. Mexican officials argued that with banks accepting the card as a valid form of identification, migrants would no longer need to carry large amounts of cash nor be easy targets for robbery (O'Neil, 2003; IME, 2004).

In addition to these political rationales, Mexican consular officials also offered detailed technical descriptions of the security features incorporated into the card's design to protect against fraud. These new features included the use of a special paper, a hologram print of the Mexican state seal, and a series of invisible images that were revealed only with the use of a decoder (Secretaría de Relaciones Exteriores, n.d.). Significantly, effort was also made to point out the limits of the MCAS. In particular, consular officials were adamant that the card was not designed to provide migrants with access to citizenship-based social-welfare benefits or to work permits, nor could it help in gaining or regularizing one's immigration status (IME, 2004). The intention here was likely twofold. On the one hand, this part of the message was aimed at silencing critics who were

characterizing the Mexican government's efforts as aimed at building a surreptitious route to "quasi citizenship." Equally important, the campaign helped to shield the undocumented from fire. Since the MCAS contains no details about legal status in the United States, its carriers are not automatically branded as undocumented.¹⁰

By most accounts the Mexican government's campaign was extremely successful. From its debut, in March 2002, through June 2004, the Mexican government issued over 2.2 million of these new high-security consular-identification cards (IME, 2004), and nearly a million more were issued in both 2006 and 2007 (IME, 2006; Gobierno de los Estados Unidos Mexicanos, 2008: 491). As for its acceptance, official calculations suggest that by 2008 1,439 police departments, 435 cities, 265 counties, and 470 financial institutions had agreed to accept the card as a valid form of identification (Gobierno de los Estados Unidos Mexicanos, 2008: 490). Gaining the acceptance of these agencies and organizations was rarely an easy task. This often involved the painstaking work of consular officials meeting one by one with local officials in each jurisdiction to gain their support.¹¹ In many cases the road to approval was filled with contentious debate and vociferous opposition. And success was never assured. Even in ordinarily pro-immigrant locales like New York City, local initiatives sometimes went down to defeat (Susan Sachs, 2002).

The most high-profile indication of the contention over acceptance of the MCAS arose in the context of the implementation of the USA Patriot Act. Section 326 of that legislation was designed to combat terrorist financing and money laundering. That section of the bill instructed the Treasury Department to come up with new regulations regarding financial institutions' responsibilities in documenting and verifying the identity of

their accountholders. Such regulations could have stifled undocumented migrants' access to financial institutions if these were to require U.S. government-issued identification. However, the final rules adopted by the Treasury Department did not proscribe the use of documents issued by foreign governments to verify customers' identities. In fact, a Treasury Department report to the U.S. Congress describing the content of proposed regulations explicitly stated that these would "not discourage bank acceptance of the 'matricula consular' identity card that is being issued by the Mexican government to immigrants" (United States Department of the Treasury, 2002: 16).

Anti-immigrant pressures from both the grassroots and within government would soon force Treasury to reopen the question whether identification documents issued by foreign governments should be acceptable under its final rules. These pressures were channeled through the efforts of U.S. Representative F. James Sensenbrenner, Jr., to thwart the new Treasury regulations. In a letter to the Office of the President, dated May 23, 2003, Sensenbrenner asked the executive to postpone the enactment of the regulations for six months, "until scrutiny by law enforcement officials [could] be more intensively applied to modify it" (Sensenbrenner, 2003: 1). Sensenbrenner's concerns focused on two issues: the regulations' elimination of the requirement that financial institutions hold on to copies of the documents they use to verify a customer's identity and the specific content of the regulations regarding acceptable forms of identification when opening an account. Sensenbrenner noted "continuing reports by federal law enforcement officers that certain nations' consular identification issuance processes are susceptible to fraud and abuse" (Sensenbrenner, 2003: 2). If this

contention were to prove true, Sensenbrenner worried, “acceptance of such documents would undermine, rather than advance, the goals of the USA PATRIOT Act” (Sensenbrenner, 2003: 2).

In response, Treasury issued a notice of inquiry requesting additional comments on precisely the two issues Sensenbrenner had raised. Treasury then solicited responses to an online survey, to which they eventually received over twenty thousand comments. Through the IME, the Mexican government mobilized networks of immigrant activists and their supporters to participate in the survey and express support for the MCAS. Largely as a result of those efforts, over 80 percent of the comments received by the Treasury Department expressed support for the consular-identification cards and urged the agency to make no changes in its final rules (González Gutiérrez, 2006: 210). After reviewing these comments, Treasury decided that no new information had been provided during the comment period and left the existing rules standing as final (United States Department of the Treasury, 2003).

The implicit support offered by the Treasury Department for the inclusion of undocumented migrants within American society (or, at least, within the U.S. banking system) points to the policy contradictions that arise from the varying and competing interests of the agencies making up “the state.”¹² But the success gaining recognition for the MCAS within various realms of the U.S. polity suggests even further complexity in the policymaking process. Understanding and appreciating the multiple forces at work in the design, promotion, and ultimate acceptance of the MCAS require us to attend not just to the fragmented and multiscale character of the U.S. system of government but also to the fundamental role played within these policymaking processes

by transnational actors, including Mexican-government officials and the allies they cultivated through the IME and other emigrant-policy efforts.

Of course, the fact that this particular piece of migrant-friendly policy was related to *financial* inclusion was clearly important. Acceptance of the MCAS by financial institutions was an essential complement to the U.S. and Mexican governments' shared commitment, within the context of the Partnership for Prosperity project analyzed below, to "lower the cost to Mexicans working in the United States of sending money home by, in part, encouraging more banks to market aggressively the opening of accounts to Mexican workers and offer remittance features in their accounts" (P4P, 2002a: 3).

Acceptance of the MCAS fit well with a financial-education campaign being pushed within the consulates with the goal of incorporating Mexican migrants into the financial system in the United States. An IME official charged with coordinating the agency's economic unit explained to me her agency's interest in financial education:

We see this as a form of consular-protection activity. That is, for the migrant the best thing that can happen is to open up a bank or credit-union account, because this not only protects against those robberies that often happen to migrants that keep their savings under the mattress, but it also helps provide a much securer and cheaper mechanism to send money to Mexico while also giving them access to other types of financial services.

[We now] allow bank representatives, usually from those banks that accept the *Matrícula Consular* as a valid form of identification, to enter the consulate, and they give workshops on financial education, on modes of sending money to Mexico.

(Interview with Annie Carrillo, 2008)

In essence, statements such as this suggest that consular officials engaged in a bit of horse trading with major financial institutions. Government officials gained acceptance for the MCAS by offering banks preferential access to the consulates and the immigrants within them to carry out financial-education activities and attempt to attract migrants toward their financial products and services.¹³ We will dig deeper into these efforts to connect migrants with banking institutions in the following chapter. But first let us examine the contraction of *emigration* policies in the post-9/11 period and look at how the remaining elements of these policies would help bring the R-2-D agenda to the ground in North America.

CONTRACTION OF EMIGRATION POLICY AFTER 9/11: TOWARD THE FINANCIALIZATION OF MIGRATION

As discussed above, with the events of September 11, 2001, “the whole enchilada” fell apart, bilateral collaboration on comprehensive reform was essentially over, and the Bush administration turned its attention increasingly to its War on Terror. At least one element of the integral reform package was salvaged, however, as the two governments continued in the years following 9/11 to collaborate on the promotion of economic development in Mexico’s main migrant-sending regions. This collaboration was most clearly articulated in a public/private initiative, the Partnership for Prosperity (P4P), that the two presidents announced during their September 2001 meetings.

Presidents Fox and Bush held a high-profile meeting in the context of the United Nations Financing for Development Conference in March 2002. If nothing else, this meeting served notice that the migration negotiations had, for all intents and

purposes, come to an end. While the joint statement released after the meeting claimed that the high-level working group on migration had been instructed to continue its work, the statement's brief comments on migration were more valuable for their omissions than for their content. According to the joint statement, it would appear that the greatest accomplishment of the protracted negotiations over the year prior had been that they "yielded a clearer assessment of the scope and nature of this issue" (Joint U.S.-Mexico Statement, 2002). Beyond that sterile evaluation of the migration negotiations, the statement was largely occupied with touting the "smart-border" initiative that the two presidents had just launched and with promoting their Partnership for Prosperity agenda, which was aimed at putting into practice their "shared vision to help unfetter the economic potential of every citizen, so each may contribute fully to narrowing the economic gaps between and within our societies." What was this Partnership for Prosperity, and what does it tell us about what remained of emigration policy in the post-9/11 period?

Although the joint statement that emerged from the first meeting of presidents Fox and Bush in Guanajuato in February 2001 had been subtitled "Towards a Partnership for Prosperity," the formal Partnership for Prosperity initiative was not actually formed until September 2001, when Fox made his state visit to Washington. Among the many accomplishments the presidents announced at the end of the Washington visit was this public/private initiative that they promised would "address some of the root causes of migration" by "spur[ring] private sector growth throughout Mexico." The partnership was deeply stained with the rhetoric of market fundamentalism. Its architects envisioned a market-friendly public-policy framework that could "harness

the power of free markets to boost the social and economic well-being of citizens particularly in regions where economic growth has lagged and fueled migration.” With this explicit statement of using the power of free markets to extend economic opportunity and potentially provide alternatives to Mexican migration bound for the United States, the presidents instructed their administrations to work together, consult with “the best expertise among Mexican and U.S. economists, business people and civil society,” and prepare a formal Action Plan by March 2002 (Joint U.S.-Mexico Statement, 2001a).

As part of the fanfare surrounding the United Nations Financing for Development Conference held in Monterrey, Mexico, in March 2002, a formal Action Plan was presented to the presidents. The document declares the objectives of the initiative in the following terms: “The Partnership seeks to create jobs where they are needed the most, to foster an environment in which no Mexican feels compelled to leave his home for lack of jobs or opportunity.” This statement of the partnership’s objectives would seem consistent with that aspect of the Mexican government’s schizophrenic representation of migration that portrays it as a “bad deal” and a social ill to be eradicated. U.S. government officials, however, tried to distance themselves from any reading of the P4P as explicitly aimed at putting an end to Mexican migration to the North. For example, in congressional testimony, Alan P. Larson, a State Department official who helped design the P4P, rhetorically posed the question, “Will the Partnership effort stop the flow of undocumented migrants from Mexico?” and responded, “Of course not, nor is that its aim. Our Presidents do agree however, that we need to take urgent steps to foster growth, opportunity and job creation in regions where economic growth has lagged and where

opportunities are so limited that migration is the only attractive alternative for an enterprising individual” (Committee on Foreign Relations, 2002: 20).

If the bilateral discussions over migration and development that unfolded from February through September 2001 seemed to be shaped most prominently by President Fox’s NAFTA Plus vision of expanded North American integration, the P4P Action Plan made clear that the Bush administration was no silent partner in these negotiations. While Fox’s initial expressions of his vision suggested a preference for concerted trilateral efforts at developing Mexico’s poorest regions, apparently something similar to the structural funds at the center of the European Union’s regional policies, the P4P framework would not approach that type of aggressive and coordinated approach to regional-development assistance. This was indeed a market-based development initiative and nothing more. According to the congressional testimony of the State Department official quoted above, the P4P included no additional U.S.-government expenditures. Instead it “mobilized the U.S. government resources already devoted to Mexico and linked up with private sector and non-governmental organizations in the small business, housing, agriculture, information technology and infrastructure sectors” (Committee on Foreign Relations, 2002: 20).

The type of coordinated regional-development initiative that Fox had in mind was probably doomed from the start. The Bush administration’s newly emerging development-assistance doctrine did not bode well for an expansive program that would funnel significant amounts of public dollars into Mexico’s poorest regions, those places “where economic growth has lagged and fueled migration.” Upon taking office, the Bush administration had reoriented U.S. development-assistance policy

in a market-centric direction. The administration advocated a carrot-and-stick approach, largely akin to the structural-adjustment programs that the international financial institutions had imposed on debtor countries in the previous decades. In this latest incarnation, U.S. development assistance would be tied to legal and economic policy reforms promoting the sacred goals of U.S. foreign policy, “economic freedom, political liberty, the rule of law and human rights” (Bush, 2002). This reorientation was most evident with the creation of the Millennium Challenge Corporation, which would focus assistance on lower- and lower-middle-income countries and make aid conditional on recipient countries’ performance in a set of seventeen indicators of good governance, people-centered investment, and economic freedom.¹⁴

In this new context, the rhetorical strategies used by Mexican government officials that had made a favorable migration-reform package appear viable prior to 9/11 (e.g., presenting Mexico as a valuable partner with strong economic institutions and a newfound commitment to the values of democracy and human rights) worked against targeting significant amounts of development assistance toward the country’s poorest regions. In effect, by presenting the case that Fox’s democratic election ushered in a new era of political and economic cooperation across North America, Mexican political leaders excluded the country from consideration for U.S. development assistance. The Bush administration’s development-assistance doctrine followed the logic that, upon adopting the appropriate institutional reforms, developing countries should “grow and prosper beyond the need for any aid” (Bush, 2002). With Mexico having now fully embraced the ideals of free markets, democracy, and human rights, its new institutional environment was expected, according to this logic,

to stimulate private initiative, attract foreign investment, and generate significant economic growth without the need for any official development financing.

Accordingly, the type of development cooperation contained in the P4P initiative emphasized institutional improvements, training and education for government officials, and sharing of best practices from the U.S. government and private sectors. But it offered none of the public-development financing from the United States that Fox had initially envisioned. The P4P Action Plan identifies four broad goals to be pursued by the partnership: expanding access to credit; sharing technical knowledge and best practices; facilitating cross-border communication between similar organizations; and encouraging private-sector investment in infrastructure projects (P4P, 2002a).

Two features of the Action Plan, its various components, and the discourse of partnership in general are worth emphasizing here. First is the relative importance given to migrant remittances and investments in the collaborative projects implementing the various goals. Here we see the imprint of the R-2-D agenda starting to emerge in what remains of the two governments' shared commitment to migration control and management. The very first objectives elaborated in the Action Plan were "Remittances—Lowering the Cost of Sending Money Home" and "Housing—Promoting Private Investment to Meet Demand and Strengthen Roots." The former of these two is directed at "lower[ing] the cost to Mexicans working in the United States of sending money home." Echoing the discourse of the R-2-D agenda, this was to be done by encouraging financial institutions to market aggressively to migrants and, in turn, educating migrants about the benefits of using formal financial institutions. The latter promised to "facilitate investment

in Mexican housing by Mexicans in the United States through cross-border mortgages and construction loans.” While this component of the initiative is touted as “focus[ing] on improving Mexican entrepreneurs’ and farmers’ access to new and existing sources of capital,” “enhanc[ing] understanding of the financial system,” and “equip[ping] citizens with the tools they need to make good economic choices,” there is surprisingly little in the way of “new sources of capital” besides migrant remittances and investments. This policy statement appears as nothing more than a utopian vision of the beneficence of financial markets, whereby migrants’ participation in formal banking institutions would free up new sources of capital and miraculously lead to expanded access to credit in poor and rural communities in Mexico.

In the end, for all its celebration of the goals of providing “access to the window of opportunity offered by broader and deeper global connections in the 21st century,” creating “jobs where they are needed the most,” and ensuring that “no Mexican feels compelled to leave his home for lack of jobs or opportunity,” the P4P contains little in the way of concrete policies directly channeling investment into migrant-sending regions in ways that may bring these goals to fruition. Instead, and in line with the market-centric R-2-D policies simultaneously being promoted by international organizations, the smooth operation of financial markets and institutions across all of the continent was expected to provide beneficial outcomes without the need for much in the way of government intervention. As in the broader R-2-D agenda, here the market is projected as the most promising agent of change, and the importance—indeed the very possibility—of concerted state policy to address uneven development is obscured.

The second noteworthy feature is that the entire project, although couched in the language of “partnership” and a technocratic idiom of identifying barriers to sustained growth and improved livelihoods, reproduces a developmentalist hierarchy that identifies U.S. corporations, experts, and government institutions as purveyors of the expert knowledge, business, administrative experience, and capital that provide the key to unleashing growth in Mexico’s poorest regions. In practice, this meant that much of the collaboration promoted by the P4P was designed to impart to Mexican officials, business leaders, and “financial and investment managers” the ways of the U.S. brand of late-twentieth-century, finance-driven capitalist growth. In hindsight, and given the global financial meltdown precipitated in 2008 by the excesses of that model, the dangers and limitations inherent in this growth strategy are plain to see in the P4P’s leading example under the objective of “sharing best practices and technical expertise”:

The U.S. Treasury will coordinate the provision of technical assistance to Mexico’s Sociedad Hipotecaria Federal (SHF) to encourage securitization of mortgages and the creation of a secondary mortgage market in Mexico. In these efforts, Treasury will draw upon experts with experience in housing finance from private financial institutions, government-sponsored agencies (like Fannie Mae, Freddie Mac, and Ginnie Mae), and the U.S. Office of Federal Housing Enterprise and Oversight. (P4P, 2002a: 6)

In sum, following the demise of the comprehensive binational migration-policy reform negotiations in September 2001, Mexican and U.S. government officials continued to collaborate on migration-policy issues, but their interests had narrowed. The regularization of migration and the eventual lifting of restrictions

on human mobility across the U.S.-Mexican divide had all but disappeared from the binational political agenda. The focus had now turned almost exclusively toward using remittances to promote the extension of U.S.-style financial products and markets into all of Mexico. But of course, despite the market-fundamentalist rhetoric this policy objective would not arise automatically as the result of market forces. This too would require significant governmental work to construct market-based solutions and promote their use among financial institutions, migrants, and remittance recipients. The following chapter examines the most prominent of these market-based solutions generated through this intergovernmental collaboration along with the governmental work that brought it into being.

From Promise to Practice

Toward Financial Democracy in North America

This chapter centers attention on the cross-border collaboration of U.S. and Mexican government agencies working to implement specific policies to turn the promise of the remittances-to-development (R-2-D) agenda into reality. The chapter focuses on the design, implementation, and marketing of “Directo a México,” the brand name given to a financial mechanism created by the Federal Reserve Banks and Banco de México that offers financial institutions in both countries the opportunity to provide low-cost remittance-transfer services.

The core focus of the chapter is on the governmental work, including both policy design and diffusion and subject-formation work, carried out by the central actors charged with translating the discourse of R-2-D from promise to practice, with transforming the utopian ambitions of the Partnership for Prosperity (P4P) into reality. For the government agencies involved, this included three principal activities. First, they created a low-cost remittance-transfer mechanism that could be used to promote the financial inclusion of migrants and remittance recipients.

Second, they had to convince banking institutions that it was worth their while to recruit Mexican migrants as customers. And third, with the banking institutions on board and often working as allies, the agencies had to find ways of bringing the migrants themselves to enter the financial mainstream and come to think and act as good financial subjects. In what follows I examine the work put toward these tripartite objectives. Following this examination, I conclude by discussing the minimal results of all this work and exploring possible explanations for migrants' rather limited use of the *Directo a México* service.

REMITTANCE TRANSFERS AND BANKING
THE UNBANKED MIGRANT: THE *DIRECTO*
A MÉXICO PROGRAM

The *Directo a México* program emerged from the framework of the P4P agreement between Mexico and the United States discussed in the previous chapter. *Directo a México* was one element designed to meet the P4P objective of “expanding and broadening access to capital” (P4P, 2002b: 6), in this case by incorporating Mexican migrants in the United States within the formal financial sector and allowing them and their friends and family members back home access to a wide range of financial products and services. The program was initiated by the central banks from the two countries, the Federal Reserve Banks (FRB) and the Banco de México (Banxico). These agencies, relatively insulated from political pressure because of the independence that central banks have been granted in recent decades to pursue monetary policy (Polillo and Guillén, 2005), were well placed to carry out the politically delicate work of promoting migrant financial inclusion. Such independence has proven valuable,

because migrant financial-inclusion policies run contrary to the objectives of the policies of other U.S. government agencies, designed to exclude Mexican migrants (particularly those who are in the country without legal authorization) from the territorial boundaries of the country and its political, economic, and labor-market institutions. The importance of the central bank's independence is well illustrated by the fact that the FRB have been able to continue their participation in *Directo a México* to this day, whereas other U.S. government agencies that carried out similar efforts at migrant financial inclusion over the course of the 2000s were compelled to backtrack in the face of mounting political pressure relating to immigration policy and reform.¹

How exactly does the *Directo a México* program function, and how does it promote migrant financial inclusion? In 2003 the FRB and Banxico created a link between their national electronic-payment systems, or in technical terms their “automated clearing houses” (ACH).² This interconnection made it possible for electronic payments to be made between any financial institutions in the United States and Mexico. On the basis of this new binational-payments infrastructure, in October 2003 the FRB began offering the “FedACH International Mexico Service” to financial institutions in the United States. This service was rebranded “*Directo a México*” in 2005. In promotional materials, *Directo a México* is presented as an opportunity for U.S. financial institutions to provide a “secure, fast, low-cost and convenient way to remit funds to Mexico” by adopting this “very competitive service within the market for remittance transfers between the United States and Mexico.”³

While the P4P initiative clearly envisioned the creation and use of this type of transfer mechanism as a means to promote development in migrant-sending regions in Mexico—and to

slow, if not completely halt, outmigration from those places—the government officials working to implement and market *Directo a México* sometimes downplay this causal connection. In an interview with Elena Whisler, a Federal Reserve Bank official working on the promotion of the service, for example, she initially told me that contributing to development in Mexico “was not a main objective”; however, she then clarified how *Directo a México* might help contribute to the expansion of financial services and the much-coveted development across North America:

Our main objective was really to lower the cost of sending payments to Mexico. . . . I think one of the benefits (and it could be unintended benefits) is certainly the fact that because we are providing a lower-cost and more efficient solution to sending payments to Mexico, more money can be transferred to Mexico, into an account—which, I think, if you’re bringing in financial services and you’re bringing more money into a financial system, that in itself will bring about development.

(Interview with Elena Whisler, 2008)

Consistently with the broader contours of the R-2-D agenda, then, the designers of *Directo a México* have attempted to create an attractive alternative within the remittance-transfer industry that would help promote financial democracy. In line with other forms of “neoliberal populism” (Roy, 2010) the logic here is that bringing migrants and their family members into formal financial institutions would expand access to capital, unleashing individuals’ entrepreneurial energies and generating significant economic opportunities for people previously excluded from the financial products and services that they needed.

One of the major selling points of *Directo a México* is that it offers banks and credit unions in the United States the opportunity to provide remittance transfers to their customers at very attractive

rates. The true price consumers pay for remittance-transfer services is generally made up of two components: an exchange rate differential, or what is commonly referred to as the “fx spread,” and a transaction fee. The cost of the Directo a México service appears attractive on both counts. First of all, the fx spread offered through Directo a México is extremely competitive. When it began in 2003, the exchange rate offered through the service was equivalent to the wholesale currency exchange rate, published on a daily basis by Banxico, minus 1 percent. Within the first year of operation, this rate dropped to 0.21 percent below the wholesale rate (Solís Robledo, 2004).

In terms of the transaction fee, the FRB charge financial institutions \$0.67 per transaction for Mexico-bound transfers.⁴ While there are no explicit rules dictating the amount that participating financial institutions can charge their customers, the system’s architects “expect the cost savings to be passed on to customers” (P4P, 2002b: 6), and in practice this appears to be the case. A Banxico official estimated in 2008 that participating financial institutions charge their customers, on average, around \$3 per transfer using the Directo a México service (Medina, 2008: 8). FRB officials have been less specific but claim that financial institutions “generally charge less than \$5” per transaction (Federal Reserve Bank, 2006a: 4). If we take the higher of those estimates, \$5 (USD), to be a typical transaction fee, that equals 1 percent of a \$500 transfer. At 1.21% of the typical \$500 remittance, the total cost of a Directo a México transfer (fx spread [0.21%] + transaction charge [1%]) compares favorably to the price of other service providers. The World Bank’s “Remittance Prices Worldwide” Web site, for example, calculates the average total cost to transfer USD 500 from the United States to Mexico in the third quarter of 2013 at 2.91 percent.⁵

While on price alone the Directo a México service does compare favorably to other available services, some of its other characteristics may not be so attractive to potential customers. Two important characteristics to note about Directo a México are the speed of the transmission and the modality of the transfer. In regard to the speed of the transfer, the Directo a México service delivers monies to recipients one business day following the initiation of a transfer. Once the remitter initiates the transaction, those monies flow through their local financial institution to FRB, which then transfer the funds to Banxico. At 12:30 P.M. the next business day, Banxico exchanges the USD for MXN (Mexican pesos), and payment information is input into the Mexican financial system. Shortly after 1:30 P.M. the money is credited to the recipient's account (Solís Robledo, 2010). This one-day turnaround does not necessarily compare favorably with other transfer-service providers, many of whom offer nearly instantaneous transfers.

As regards the modality of the transfer, Directo a México requires customers to have a bank account on both ends of the transaction.⁶ This bank-account requirement, while not always attractive to potential customers, is perhaps the service's most important feature. This is not a technical necessity. Payments could hypothetically be sent from an account in the United States to an institutional account in any Mexican financial institution, which could then disperse the money to the recipient in cash. However, Elena Whisler, from the Retail Payments Office of the FRB-Atlanta, explained that the central banks were not interested in offering the "account-to-cash" service:

The ACH format . . . and processing includes an account on the origination side as well as the receiving side, so in order for a payment to go through it needs to reach an account. Now this isn't to say that account-to-cash . . . wouldn't be available if, say, it's going

to a general account of Bancomer. Bancomer, for example, would then, through the payment information, be able to disburse it in cash, if that's an agreement that we have with them. But we do not at this time. . . . That's not what we—what was first done, and it's not what we had thought was needed in the industry at the time.

(Interview with Elena Whisler, 2008)

From this explanation of the service it is clear that the government officials designing and implementing *Directo a México* perceived their transfer service as a means to promote financial inclusion on both sides of the border by requiring the remittance operation to both originate and disburse in an individual account within a formal financial institution. Officials from the two countries' central banks endeavored to parlay the attractive price characteristics of the *Directo a México* transfer service into a means of enticing both remitters in the United States and recipients in Mexico to open bank accounts and join the "financial mainstream." But their transfer service was not widely available, nor was its attractiveness immediately apparent to potential customers. This would require additional work.

MARKET MAKING: DEVELOPING A NETWORK OF DIRECTO A MÉXICO SERVICE PROVIDERS

In order to make their project of using remittance transfers as a route to financial inclusion a reality, the agencies behind *Directo a México* had to get their product into the hands of financial institutions. They did this in two ways. First, they engaged in public educational and marketing activities at a variety of strategic venues, including trade-association meetings. Second, culling information from the Mexican government's *Matrícula Consular* database to identify significant translocal connections

between specific localities on both sides of the border, they conceptualized migrant networks as *corredores financieros* (financial corridors) and targeted financial institutions on both ends of these financial corridors that could offer the Directo a México service.

MARKETING THE SERVICE TO FINANCIAL INSTITUTIONS

FRB officials have made regular presentations marketing their Directo a México service at strategic venues and gatherings over recent years. Among the most important of these venues have been trade-association meetings. These public presentations are often done in concert with officials from the international financial institutions who created the discursive representation of remittances as a financial flow. In these trade-association meetings, FRB officials are also occasionally accompanied by representatives of financial institutions that have already adopted Directo a México.

Officials from FRB also worked with their colleagues in the Mexican agencies Banxico, Bansefi (Banco del Ahorro Nacional y Servicios Financieros), and IME to organize a “roadshow” in 2006 to market Directo a México across the United States. In my interview with Annie Carrillo, the Instituto de los Mexicanos en el Exterior (IME) director of economic affairs, she told me that her agency had “associated with Banco de México and with Bansefi to promote the Directo a México program. . . . In 2006, for example, we supported Banxico to carry out a road show in the consulates across the United States, with folks from the Federal Reserve and representatives of Banxico to try to identify banks and credit unions that would be interested in offering

Directo a México” (Interview with Annie Carrillo, 2008). A press release by the FRB described the road show as visiting twelve different cities to “introduce more financial institutions to a more efficient way to transfer funds to Mexico” (Federal Reserve Bank, 2006b).⁷

In addition, IME officials—working closely with their collaborators in other agencies—have used their Jornadas Informativas project to inform financial institutions of the importance of remittances and the benefits of the Directo a México service. Two such Jornadas have been targeted directly at officials from financial institutions, one at IME headquarters in Mexico City in 2006 and another, hosted by the Federal Reserve Banks, in Atlanta in December 2010. For the 2006 Jornada Informativa, IME brought forty-three participants from twenty-eight U.S. and Mexican financial institutions to Mexico City for three days of workshops and presentations on the theme “Cross-border payments: Access to financial services, remittances, and Directo a México.” According to the published proceedings from the event, the overall objective was “to introduce the banking officials to a service offered by Banco de México and the Federal Reserve called Directo a México . . . , which utilizes the payment system administered by each central bank in order to take advantage of both countries’ payments infrastructure and reduce the cost of transferring money.”⁸

The FRB-hosted Jornada in Atlanta in late 2010 apparently followed the same script. The flyer announcing the event suggested that its potential participants should come from “financial institutions interested in serving the Hispanic market” and that these participants “should have a relevant position in the decision making process” in their institutions. The objective of the Jornada would be to “share Directo a México success stories and

best practices from institutions [on] both sides of the border” and to “promote a better mutual understanding between U.S. and Mexican institutions interested in serving the immigrant community[’s] financial needs,” among other things (Federal Reserve Bank, 2010). This event was attended by some seventy officials from U.S. and Mexican financial institutions. These participants were offered presentations by both the government agencies promoting *Directo a México* and financial institutions that have already begun providing the service, including the North Carolina–based Latino Community Credit Union and the Mitchell Bank from Milwaukee. They were even offered a presentation by the former head of the Multilateral Investment Fund, Donald Terry, who according to an IME summary of the event “declared his support for *Directo a México*” (IME, 2010).

What is the thrust of the message conveyed in these educational events and marketing presentations? Elena Whisler from the FRB explained that they were attempting not simply to sell *Directo a México* but also to educate financial institutions to overcome stereotypical representations of the Mexican migrant. Voicing concerns about the exclusionary nature of the banking sector, she argued that:

One of the biggest hurdles is providing that level of knowledge that makes them feel comfortable in saying, “Okay, these customers are valuable customers,” not only just to send money but also for you to cross-sell your other services, loans and things like that. That has been the biggest challenge. I think you have [an] industry that really stereotypes these types of customers into a bucket, that [thinks], “Oh, well they’re not good customers, because they don’t have financial services; they don’t have money”—which is completely false. But they have these preconceived notions of who these customers are. And so it’s just education.

(Interview with Elena Whisler, 2008)

The presentations were largely structured around a discussion of the *opportunities* represented by the unbanked-migrant market and the *challenges* that would need to be overcome by financial institutions interested in capturing this market potential by offering the Directo a México service. The discussion of the opportunities available to financial institutions aimed at demonstrating that remittance transfers are “big business” (McQuerry, 2007b). In other words, the presentations drove home the point that, as Donald Terry once provocatively claimed, remittances are “financial flows in search of financial products” (Terry, 2005: 11) and, most important, that U.S. financial institutions could profit by taking up the task of providing these products. To make this case, the marketing presentations offered data about the scale of the remittance market, estimates and projections of the size of the Mexican migrant and broader Latino populations in the United States, and the limited share of the remittance-transfer market currently captured by formal banking institutions.

Financial institutions were then told that, if they could find a way to tap into this market potential, they stood to benefit from an essential characteristic of the Mexican migrant: his/her strong customer loyalty (McQuerry, 2007b, 2010; Whisler, 2008a, b, c; Maloney, 2010). Whisler’s presentation at the National Automated Clearing House Association (NACHA) Payments 2008 conference illustrated this representation well, as she told her audience: “This type of individual has strong customer loyalty. They are . . . loyal to the people that serve them well and the people that they trust.”⁹ This customer loyalty is particularly valuable, because these unbanked migrants need a full range of financial services, not simply remittance transfers. Luring this loyal customer in with an attractive remittance-transfer

service would lead to additional cross-selling opportunities as the loyal migrant might look to the institution for all his or her other financial needs. The loyalty of Mexican-migrant customers thus represents a great opportunity for financial institutions if they are able to bring them inside their institutions.

Here it appears that, in seeking to undermine the financial industry's stereotypical representation of the Mexican migrant as poor and unprofitable, the government officials marketing *Directo a México* substituted another equally essentialist and stereotypical representation of the Mexican migrant. In this new essentialist representation, "the migrant" was no longer projected as a poor and unprofitable customer; on the contrary, some of the essential characteristics of "the migrant"—particularly her/his customer loyalty—should make her/him quite attractive to financial institutions. But, the marketing presentations quickly remind their audience, there are significant obstacles that would have to be overcome in order to turn migrants into customers. This is where the discussion of the challenges that financial institutions will face in trying to use the *Directo a México* service to bank the unbanked migrant comes to the fore.

Most of the challenges underlined in these *Directo a México* marketing presentations relate again to characteristics projected onto the Mexican migrant population. The essentialist portrait that emerges in these discussions of challenges characterized Mexican migrants as lacking in four respects: they are unbanked, undocumented, uncomfortable, and uninformed. Fortunately, the marketing audience was told, these deficiencies inherent in the potential customer base could be overcome, and a central objective of the presentations was to provide financial institutions with pre-formed strategies that would help them to successfully address these challenges. Elena Whisler pointed

this out when she described her goals for the presentation at NACHA Payments 2008, “Hopefully, at the end, you’ll be able to go back to your institution with some practical tips in building your successful remittance program.”¹⁰

One major challenge financial institutions would face in their quest to bank the unbanked Mexican migrant is that this potential customer often “lacks traditional documentation” (McQuerry, 2007b: 4), given that a significant proportion of the target population is unlawfully present in the United States and thus incapable of accessing generally accepted forms of identification, such as state-issued driver’s licenses or Social Security cards. This led to the suggestion that financial institutions, in performing due diligence to comply with “know your customer” regulations, may need to accept nontraditional forms of identification, such as the *Matrícula Consular* card. In making this suggestion, the presenters made clear that federal regulations in the United States permit this practice. Whisler told her audience at the 2008 Latino Credit Union Association, for example, that “Section 326 of US Patriot Act lists forms of acceptable identification such as [the] *Matricula Consular* card” (Whisler, 2008b: 7; also Whisler, 2008a, McQuerry, 2010: 7).

The account-to-account mechanism underlying *Directo a México* is itself a significant challenge, as remittance recipients in Mexico rarely have a relationship with a bank or credit union where their monies can be received. Once again, the agencies involved in promoting the service have a ready-made solution for this problem, and the discussion of this solution was a central element in the marketing presentations. The promoters of *Directo a México* have designed an innovative solution to this problem: *Bansefi* created a system whereby financial institutions in the United States, at the request of a potential remitter, can pre-open an account for recipients at participating institutions

in Mexico. A significant component of many of the public presentations promoting *Directo a México* thus involved the discussion of a “beneficiary account registration” (BAR) Web site designed by Bansefi for this purpose.

If the migrant customer that the financial institutions seek to attract is uncomfortable with formal financial institutions, how is this to be overcome? *Directo a México*’s marketing presentations suggested that this challenge could be overcome through special customer-service and marketing efforts that would make potential customers feel at home in the financial institutions. Important special services might include offering extended banking hours and hiring Spanish-language staff (Whisler, 2008b: 6, 7), as well as marketing around particular holidays that might be “high-volume remittance times,” such as Mother’s Day (Whisler, 2008c: 30). *Directo a México* officials even designed a suite of customizable promotional materials that are made available to participating financial institutions. These materials include brochures, posters, lobby cards, the script for a radio commercial, and an information sheet about the exchange-rate spread. These are provided as “white-branded” materials, which allow participating financial institutions to insert their own logos in appropriate areas (McQuerry, 2007a: 11).¹¹

The final challenge that the presentations often address is that the Mexican migrant is largely uninformed about the workings and benefits of the financial-services industry. The presentations regularly inform their audience that “financial education is vital” (Whisler, 2008b; also, Whisler, 2008c; McQuerry, 2010) in helping the potential customers to realize how they can benefit from the products and services on offer within formal financial institutions. Whisler (2008a) described the need to educate the uninformed migrant in the following terms:¹²

Financial education is extremely important for you to really make [these individuals] aware that [they] need an account. A lot of individuals don't realize the benefits to having an account, such as access to credit and building a proper identity here in the United States, and also in the receiving country. They don't realize that that is important and a great benefit [toward] being a successful individual here in the United States.

Here again the government agencies promoting the service have a prepackaged solution. In this case, that prepackaged solution comes in the form of a standardized financial-education package created by the Federal Deposit Insurance Corporation (FDIC) known as "Money Smart." This Money Smart curriculum contains distinct modules dealing with a variety of financial topics and is designed for use among individuals with little to no financial training (Cruz-Taura, 2008: 7). This theme of financial education and the associated work of promoting Directo a México among the potential migrant customers is addressed in greater detail below.

Before we get there, let us first turn to an examination of the project carried out by Directo a México officials to identify translocal migrant networks spanning the U.S.-Mexico border and to convince financial institutions on both sides of those networks to offer and promote the transfer service.

FROM MIGRANT NETWORKS TO CORREDORES FINANCIEROS

The other way that U.S. and Mexican government officials worked to bring financial institutions on board with their project was by identifying particular translocal migrant networks as *corredores financieros*, financial corridors. Beginning in 2007, officials in IME used the information available from the consulates' Matrícula

Consular database to identify important translocal migrant networks.¹³ Carlos García de Alba (2010: 7), then executive director of IME, explained that they “use the statistics provided by the Mexican Consulates to identify Mexicans from the same communities of origin [on] both sides of the border.” After identifying these translocal migrant networks, IME officials, along with partners in Bansefi, Banxico, and FRB, would contact financial institutions on both sides of the networks to encourage them to offer *Directo a México*. Once these partner institutions were recruited, government officials worked with them to “organize localized events with the Mexican community so individuals can learn about the benefits of *Directo a México*.”¹⁴ Annie Carrillo, IME’s economic-affairs director, described the whole process to me in the following terms:

In 2007 we initiated a pilot project that turned out quite interesting: identifying migrant corridors. So, what we did—in St. Paul, Minnesota, there is a very large proportion of migrants from Tarímbaro, Michoacán. So, what we did was to identify a credit union in St. Paul, which was St. Paul Federal Credit Union. And one in Mexico, which was the Caja Morelia Valladolid, which had a branch in Tarímbaro. Then, well, what we did was to put the two financial institutions in contact, and we organized a community event at the offices of St. Paul Federal Credit Union, and we invited everyone from the home-town association from Tarímbaro to come to the credit union. It was a community celebration, you know? There was a merry-go-round and everything. The idea was to present the *Directo a México* service. There was a satellite connection, because at the same time there was also an event in Tarímbaro, so people could see their family members.

(Interview with Annie Carrillo, 2008)

I will discuss the details of this and similar community events in more detail in the following section, which examines governmental efforts to recruit migrant remitters to the *Directo*

a México service. But first, let us look at how U.S. financial institutions were brought into these *corredores financieros*.

David de Santiago, a manager at St. Paul Federal Credit Union, the institution involved in the pilot corridor, explained to me how his institution got involved in the *corredores* project. The coincidence of a number of important events in the mid-2000s led St. Paul Federal to target more aggressively the Mexican-migrant population in the St. Paul area. Around 2005 the institution received a new charter from the National Credit Union Association, requiring it to focus on “underserved” populations. At around the same time, the Mexican government opened its consulate in St. Paul. This was also the time that de Santiago was hired as the credit union’s first Spanish-speaking employee (Interview with David de Santiago, 2009). De Santiago described how the intersection of these internal events with the Directo a México promotional campaign led by U.S. and Mexican government officials brought St. Paul Federal to offer the service:

Through our program of trying to help the underserved, we’ve been kind of in constant contact with a number of consulates and the Federal Reserve—any avenues that we can find that connect us to any particular area or community. And we were actually invited (it was three years ago, I think) . . . Federal Reserve had a presentation of the Directo a México product right at—they had it at FRB Minneapolis, actually. So we went there and had the presentation, and it kind of just snowballed from there.

(Interview with David de Santiago, 2009)

The community-affairs officer from the Mexican consulate would later convince St. Paul Federal officials to participate in a financial corridor connecting their community to Tarímbaro, Michoacán. De Santiago and consular officials organized an

event to inaugurate the Directo a México service and the new financial corridor linking the two credit unions—from Tarímbaro and St. Paul—across the border. The event attracted a modest crowd of perhaps two hundred people. David de Santiago felt it was a success, suggesting it was a virtue that “it wasn’t just people that are interested in using the service, as it was other credit unions that came out, banks that came out. So we had a mix of everything show up from the community, that were interested in, ‘Well, what’s this all about?’” (Interview with David de Santiago, 2009). The government officials driving the *corredores* project also deemed the St. Paul–Tarímbaro pilot to be a success. An FRB press release following the event states: “The success of the meeting was evident in the interest of the attendees and the new accounts opened that day at the St. Paul Federal Credit Union and in the Tarímbaro branch of Caja Morelia Valladolid” (Federal Reserve Bank, 2007). De Santiago estimated that they opened some sixty to one hundred new accounts within the first three months following the event, although at the time of our interview St. Paul Federal was processing only thirty to forty-five transfers per month (Interview with David de Santiago, 2009).¹⁵

As a result of this successful experience, the government officials decided to identify and expand to other *corredores financieros*. While there are literally thousands of translocal networks connecting localities across the U.S.–Mexico border, to date the number of these networks that have been converted into *corredores financieros* is still quite small. The most recent data available show that fifteen corridors have been established, connecting financial institutions in cities in California, Florida, Illinois, Indiana, Kentucky, Michigan, Minnesota, and Texas with sister institutions in Coahuila, Guanajuato, Hidalgo, Jalisco, Michoacán, Puebla, San Luis Potosí, Veracruz, and Zacatecas.¹⁶

While the number of financial corridors does still appear quite limited, overall the work that U.S. and Mexican government officials carried out in marketing to and recruiting financial institutions to offer their Directo a México service has been relatively successful. As of December 2010, over four hundred banks and credit unions offered the service to the public (Díaz de León, 2010: 12). But the ultimate success of the Directo a México initiative would depend upon migrant remitters' actually utilizing the service to transfer money home. To make this a reality, government officials had to engage in more work, aiming to attract Mexican migrants toward Directo a México. It is to that aspect of the government officials' work that I now turn.

SHAPING MIGRANTS AS GOOD FINANCIAL SUBJECTS

This section examines the third major type of governmental work involved in the efforts of Mexican and U.S. government officials to translate the promise of the R-2-D agenda into reality: recruiting migrants as customers of Directo a México and shaping them into good financial subjects. I discuss first the content and organization of the *corredores'* launch events as sites of financial education and recruitment. Then I examine less direct forms of marketing Directo a México and educating migrants about the benefits of financial services.

CORRIDOR LAUNCH EVENTS

The events inaugurating the *corredores financieros* in particular U.S. cities appear to be one of the fundamental modes of educating migrants about the Directo a México service and encouraging its use. What happened at these events and to what extent

were they capable of educating migrants and drawing them into the institutions offering *Directo a México*?

Government officials used two principal means of attracting individuals to the events and spreading the word about the newly available *Directo a México* service. The first of these was for Mexican consular officials to tap into their existing networks of contacts with leaders from the migrant community. Annie Carrillo alluded to this strategy in the excerpt from our interview discussed in the previous section, when she described how, after organizing the community event at the offices of St. Paul Federal, they “invited everyone from the home-town association from Tarímbaro to come to the credit union” (Interview with Annie Carrillo, 2008).

The use of this strategy was also apparent at the launch event of the Los Angeles–Guadalajara corridor that I attended at the downtown Los Angeles branch of Cityside Federal Credit Union in early 2009. The limited space within the branch lobby made this location a rather cramped setting even for the relatively modest crowd of approximately fifty people attending this “community event.” As we waited for the event to get under way, a handful of migrants milled around, chatting with friends and family members and enjoying the complimentary popcorn, nachos, and soda that event organizers provided. The remaining attendees—almost all of whom were dressed in formal business attire during this Saturday-afternoon community event—included government and credit-union officials from both countries and a who’s-who of migrant leaders from Los Angeles. Not only was the president of the *Federación de Clubes Jaliscienses de California* (FCJ) in attendance, but so was FCJ’s founding president, along with the president of the *Casa del Migrante Poblana*, an organization of migrants from the state of

Puebla, and leaders from the federation of clubs from the state of Durango (Author's field notes, March 28, 2009).

This pattern of focusing the outreach and advertising for the launch events on the leaders of migrant-led organizations appears to have played out at the Porterville, California–Puruándiro, Michoacán, corridor launch as well. Accounts of that event document that it involved a reception at the Porterville offices of the Comisión Honorífica Mexicana, an organization with roots that go back decades.¹⁷ While not a translocal organization like the typical home-town association (HTA), these organizations were formed in ways quite similar to the contemporary HTAs. Such *comisiones* were formed across the United States by Mexican consulates as early as the 1920s to help organize patriotic festivals (*fiestas patrias*) that would allow migrants to maintain connections to the home culture and traditions (Pichardo, 1988).

The idea behind this form of marketing and outreach is that the leadership cadre of these migrant-led organizations constitutes an important conduit for spreading information to the broader migrant community. The notion that the consulates' connections with the migrant community offered a promising and effective avenue of communication appeared to be the common sense among the financial-institution and government officials involved in the launch events I attended. In a discussion with the Los Angeles consulate's IME representative at the corridor launch at Cityside Federal, she told me that government officials were happy with the (relatively sparse) attendance, because they believed that the only way the program would be successful was if the information about Directo a México spread by word of mouth. She and her colleagues were confident that they had invited the right people to the event, as most of their

advertising had been conducted through the various southern California HTA federations (Author's field notes, March 28, 2009). In similar fashion, advertising for an event launching the corridor connecting Lamont, California, with Cerano, Guanajuato, was left in the hands of officials from the Mexican consulate in Fresno (Author's field notes, May 3, 2008). My discussions with the government and financial-institution officials at these events made clear that they concurred with Elena Whisler's opinion that "we have been very fortunate to work with the Mexican consulates, which have that trust with the Mexican population. If we collaborate with the Mexican consulate and a U.S. financial institution collaborates with the Mexican consulate, you build that trust, and so [migrants] are more willing to listen to you" (Interview with Elena Whisler, 2008).

The events themselves featured official presentations from representatives of the sponsoring financial institutions and government agencies. These presentations unfailingly described the origins and extolled the virtues of the *Directo a México* service. The event in Lamont, for example, began with one speech by the consul general from the Mexican consulate in Fresno and another by the executive director of the participating U.S. financial institution, Kern Central Credit Union. The Kern Central official did not seem to succeed in making much of a connection with the assembled migrants or in capturing their attention, much less their imagination. His prepared speech about the benefits that migrants might enjoy by opening an account at the credit union lacked any real charisma or energy. Perhaps even more damagingly, he largely failed to look up from his notes, and when he did it was only to make eye contact with the representatives from the other financial and government institutions present (Author's field notes, May 3, 2008). The government

officials' speeches at the Los Angeles event—by the local consul and by a representative from Banxico—were similarly formal and rehearsed.

Apart from these general introductions to the service, migrants were sometimes offered additional information. At the launch event I attended in Lamont, California, migrants were invited to participate in on-site financial-education classes on the workings of credit scoring and the value of homeownership. But with little enthusiasm generated by the official speeches and introductions to *Directo a México*, uptake on these workshops was quite limited; the conviviality of the conversation with other attendees and the *carne asada* on offer were clearly a stronger draw than these financial-education opportunities (Author's field notes, May 3, 2008).

One feature of the events that seems to have been very attractive to the migrant attendees was a videoconferencing connection between the simultaneous events at the two financial institutions on either side of the U.S.-Mexico border. At the launch in Los Angeles, for example, one videoconference between a woman in Guadalajara and her children and grandchildren at City Federal in Los Angeles was projected on a big screen in the lobby for all to see. The rest of the videoconferences were not so publicly transmitted; instead the few ordinary migrants that were present at the event took turns making their way into a private office to participate in a videoconference with family members attending the simultaneous community event at the offices of Caja Popular Oblatos in Guadalajara (Valenzuela Martínez, 2010; author's field notes, March 28, 2009).

This feature of the events gives an indication of the second strategy that officials used to attract migrants to participate in these events and to learn about the *Directo a México* service:

the *cajas populares* in Mexico communicated with their existing members and asked them to invite their migrant family members to the events at the U.S. financial institution, enticing them with the prospect of a face-to-face videoconference. This was made clear to me in my conversations with migrants from Guanajuato at the Lamont event. They told me that they themselves had been members of the Caja Popular Cerano before leaving Mexico and they had learned of the day's event from their family members back home in Guanajuato, who encouraged them to attend (Author's field notes, May 3, 2008).

INDIRECT FORMS OF MARKETING: BRINGING EDUCATION TO THE WAITING ROOM

In addition to the work done through the *corredores* launch events, government officials have conducted other efforts to educate migrants about Directo a México, although this is somewhat less targeted. This work might be thought of as the indirect marketing of Directo a México. It often involves a form of financial education within the physical premises of the Mexican consulates. The *salas de espera* (literally, "waiting rooms") program involves the distribution of popular education materials, including booklets and brochures, and the continuous projection of educational videos on monitors placed within the consulates' waiting rooms.

At the Dallas meetings of the IME Consejo Consultivo in April 2008, the Mexican Subsecretary for North American Affairs, Ambassador Carlos Rico Ferrat, discussed the origins and objectives of this program. He told those assembled at the meeting how he was in a consulate in Raleigh, North Carolina, on the day of major raids on meat-packing plants across the country in 2006. When he walked into the building, he noticed that the television

in the waiting room was showing a *telenovela*, entertaining migrants while they waited to be served. Seeing this, Rico asked himself, “Why aren’t we giving them the information that they need?” and from there the *salas de espera* program was born. Rico believed that this continuous projection of informational videos to the captive audience within the consulate would be a more appropriate and effective educational method than simply providing written informative materials. He claimed that in previous years the consulates had distributed between one and one and a half million Know Your Rights cards to migrants. If that is so, he asked, “Why don’t people know their rights?” The answer to that question, Rico suggested, is that the written card probably is not the best way to distribute the information. He insisted that the consulates had to “use the technologies that are at our disposal,” and this is why they worked with Spanish-language media companies to create the *salas de espera* program’s educational videos to give migrants “the information they need” (Author’s field notes, August 23, 2008).

The videos have been created by the Los Angeles–based media company Saber es Poder (SEP). Despite the ambassador’s suggestion that these videos are a more appropriate technology than written educational materials, the SEP videos are actually designed to accompany informational booklets that SEP also distributes in the consulates. These videos and accompanying booklets deal with a variety of topics that may be of interest to migrants, such as auto insurance, air travel, financial institutions and remittances, and medication and prescription requirements in the United States.¹⁸

The *salas de espera* program’s materials discussing financial institutions and remittances are not focused solely on the promotion of the Directo a México service but provide a more general orientation on banking and remittance-transfer services. Nonetheless, these educational materials resonate with the goals and objectives of the Directo a México program, in that an overriding

message in these materials is about the benefits of establishing a banking relationship with a formal financial institution. The SEP video addressing the importance of financial services, for example, begins by telling migrants: “The first thing we have to do is to open a bank account. The times of saving our money under the mattress have passed.” After a brief mention of the four “relatively easy” steps involved in opening an account, the video concludes by directing migrants to the more extensive information contained in SEP’s written booklets, saying, “Don’t wait any longer. Learn more with our *Saber es Poder* booklets, and visit the bank of your choice. Establish your financial identity today and everything—everything—will be easier for you.”¹⁹

In addition to the educational materials circulating through the *salas de espera* program, Mexican and U.S. government officials use other forms of indirect marketing and educational materials to promote Directo a México among migrant remitters. Most important among these are a Web site—www.directoamexico.com—that contains information about the service and the institutions in the United States where it is offered. The Web site offers a multimedia tutorial guiding visitors through various aspects of the service and describing all the benefits that migrants will realize by using Directo a México instead of other money-transfer services.²⁰ The Web site also contains a number of promotional videos, from direct advertisements for particular financial institutions to more general popular education pieces extolling the virtues of Directo a México for individual migrants.

SIGNIFICANT GOVERNMENTAL WORK AND LIMITED RESULTS: PURSUING EXPLANATIONS

What has been the result of this significant promotional and recruitment work carried out by government officials and their

allies within the Directo a México program? As pointed out above, government officials have had some success in recruiting financial institutions to provide the service, and over four hundred banks and credit unions in the United States now do so (Díaz de León, 2010: 12). The service is clearly available in a number of communities across the country, but the question remains: Is it being utilized?

In fact, migrants' use of the service appears to be severely lacking. Official figures document modest use. In my interview with Elena Whisler, I was told that there were nearly thirty thousand transfers being made through the service each month as of late 2008. Similarly, Mendoza (2010: 5) presents figures showing that 31,002 transfers were processed through the system in May 2010. Recent statistics from Banxico document 37,005 transfers made during April 2015.²¹ These figures demonstrate some significant growth in the use of the service since its beginnings in 2005 and suggest that the marketing and educational work carried out by government officials striving to translate the promise of financial democracy into reality may be achieving some limited success. We should keep in mind, however, that—according to Banxico's official statistics on *remesas familiares*—in April 2015 there were over 6.76 million remittance transfers sent to Mexico.²² Constituting just over 0.5 percent of the total remittance-transfer market, Directo a México's thirty-seven thousand transfers have still not made much of a dent in the larger transfer market.

The true impact of all this promotional and educational work is, however, even more limited than these figures suggest. These official figures obscure the fact that the number of migrant transfers going through Directo a México is actually much lower. It turns out that the vast majority of transfers sent through Directo a México are not migrant transfers at all but actually U.S.

government payments to Social Security beneficiaries living in Mexico (Interview with Elena Whisler, 2008). Mendoza's figures, for example, note that of the 31,002 transfers processed in May 2010, only 1,471 were "commercial items," whereas the other 29,531 transfers were "government items" (Mendoza, 2010: 5). Those approximately fifteen hundred commercial transfers are only 0.02 percent of the total remittance transfers made to Mexico in May 2010. Considering the attractive price characteristics of Directo a México and the significant governmental work that has gone into its marketing and promotion over the last five-plus years, how may we explain these shockingly low numbers? Let me discuss two competing explanations.

THE MARKET-CENTRIC EXPLANATION: ON
ATTRACTIVENESS AND CHOICE

The government officials working on the design, implementation, and promotion of Directo a México believe that these extremely sobering results are to be explained by remitters' dissatisfaction with the account-to-account requirement. Elena Whisler intimated as much to me in our December 2008 interview, when she mentioned the conclusion that FRB officials had drawn from their internal evaluations of the low volume and from the feedback they had received from participating financial institutions: "One reason [is that] it requires accounts on both ends when the market is really cash-to-cash or using money-transfer companies that don't need accounts." This led her, and presumably others working on the Directo a México program, to reflect upon the difficulty of reshaping the subjectivity and practices of migrant remitters: "We are starting to see what the industry is doing and really learning about [*laughs*] the fact that changing behavior of

individuals when they're used to a cash-to-cash market, we're seeing it to be very slow—that change in behavior” (Interview with Elena Whisler, 2008).

The director of a participating credit union in the Central Valley of California pointed to a related but slightly different obstacle facing the program. For this official, the problem with the Directo a México service was not so much that migrants were unwilling to transfer money into an account in Mexico but that they were unsatisfied with Bansefi's beneficiary account registration (BAR) system mentioned above. Experience working with migrants suggested that “people want to be able to open up accounts for themselves in México, and from that account possibly move over funds to their families or help them establish . . . , but establishing accounts for their family is secondary to establishing [accounts] for themselves.” But this was not possible through the BAR system, because it required a beneficiary designated by the migrant remitter to physically present him/herself in the financial institution and provide valid identification before the “pre-opened” account would be finalized. This credit-union official believed that Directo a México had a “hell of a lot of potential” to really expand the account-to-account possibilities:

But as long as people constrain themselves and limit themselves in terms of its ultimate potential and utility, it's going to go nowhere. There's twelve other programs. I actually went to Mexico, and I spent time there with people from [the Mexican credit union], and I visited most of their sites. And in each one of those sites we went and reviewed the remittances that were being sent down. And the remittances that were being sent down, received by them, were from groups that were the highest cost, such as Western Union. . . . People were basically looking at convenience.

(Interview with credit-union official, 2009)

S/he argued that if officials wanted Directo a México to go somewhere, to be able to compete with these “twelve other programs” offering transfer services, they had to adapt their service to migrants’ needs. But s/he recognized that “the wheels of bureaucracy move very, very [slowly]. [That] what is ideal isn’t always the practicality of the situation.” In meetings with the staff involved in the promotion and implementation of the program, this official proposed modifications that might more directly address migrants’ needs, saying:

Look, if you’re saying the person has to be in Mexico . . . has to be in the bank, why can’t an individual go to *el consulado mexicano* and go through the authentication process there, where they review the identification and certify that it’s valid? Or use a notary here to do a power of attorney?

(Interview with credit-union official, 2009)

While s/he found the mid-level bureaucrats working within the program to be well intentioned, their lack of decision-making authority limited their ability to introduce modifications to address the lived realities they were observing on the ground. Their conversations about necessary modifications were fruitless, because, as s/he put it, “you need to talk with the right people. If you’re talking about middle management, you’re not going to get anything done: they can’t make decisions” (Interview with credit-union official, 2009). Modifications would eventually be introduced to the Directo a México service in April 2010, although they were not the ones that this credit-union official had recommended. The *pago en ventanilla* (“payment window”) option now available through the service allows recipients in Mexico to pick up their money in cash at any of the branches of the national Telecomm-Telégrafos network.²³

With this surprising innovation, Directo a México officials seem to have abandoned one of their main objectives—that of using the affordable price of their service to promote inclusion for remittance recipients in Mexico. Even with this modification, however, the program still potentially promotes “banking the unbanked migrant” in the United States by requiring remitters to themselves be account holders. But even this is apparently not always a requirement. Mitchell Bank, for instance, now offers Directo a México transfers to nonclients. These nonclients pay a higher transaction fee for the service, but they do not need an account at the bank. Instead, they provide the money they want to remit in cash, which the bank then deposits into one of its institutional accounts in order to make the electronic transfer (Interview with Mitchell Bank official, 2011). If this practice by Mitchell Bank is or becomes widespread, it must appear that Directo a México’s lofty goal of parlaying reduced transfer fees and favorable exchange rates into financial inclusion has been lost. The more limited objective of helping formal banking institutions—including community banks and credit unions—to get a larger slice of the revenue from the remittance-transfer industry seems to be taking its stead. If the U.S. and Mexican government officials behind the Directo a México program have given up on the utopian promise of this particular instrument of financial democracy—the promise of using an attractive remittance-transfer mechanism to make needed financial products and services accessible and affordable to migrants and their community—it is hard to imagine how the representation of remittances as a development tool in North America can retain its luster.

THE LEGACY OF EXCLUSION: DISTRUST AND A
TRANSNATIONAL HABITUS OF RESISTANCE

The specific details of the *Directo a México* service—particularly the requirement that transfers be made between bank accounts on both sides of the border—may go a long way in explaining the limited impact of the initiative. However, I want to explore a different explanation for the sobering results of the significant promotional and educational work carried out by Mexican and U.S. government officials. I want to move away from the assumption that migrants' election to use the *Directo a México* service (or not) derives from a rational cost-benefit calculation, a weighing of their preferences in terms of price, transfer modality, and accessibility. This alternative explanation centers instead on the political subjectivity of migrants and their experiences and perceptions of public authorities on both sides of the U.S.-Mexico divide. The collaborative efforts of Mexican and U.S. government officials have clearly been successful at recruiting banking institutions to their transfer service. But perhaps they are bound to fail at their second important objective—that of bringing migrants to act as good financial subjects and to utilize the *Directo a México* service—because migrants do not trust the government officials seeking to reshape their financial identities and practices.

Recognition of a significant trust and credibility deficit faced by the consular staff would fly in the face of the message that Mexican government officials transmitted to their allies in United States government agencies and financial institutions. An IME representative concluded his presentation to the 2010 *Jornada Informativa* held in Atlanta by inviting the financial-institution officials gathered there to “work closely with the

Mexican Consulates, to see the Mexican Foreign Affairs Ministry and the Institute for Mexicans Abroad as an ally to provide financial education and to give access to financial services to Mexican nationals” (Díaz de León, 2010: 15). In his presentation to the audience assembled at the 2010 Latino Credit-Union Conference, IME’s then-executive director, Carlos García de Alba, boasted about the state-led transnationalism policies pursued by the Mexican government since the Salinas de Gortari administration. He characterized these as an “efficient public policy to reach the Mexican community abroad.” As a result of these policies, according to the executive director of IME, “The Mexican Consulates provide confidence to our nationals” (García de Alba, 2010: 10).

There is reason to doubt whether these policies have really generated such trust and confidence among Mexican migrants in the United States. This was brought home quite clearly to me in a conversation I had with a migrant in Davis, California, just days after I returned from a Jornada Informativa organized by IME in Mexico City in 2008. This migrant, who had saved up a considerable sum of money during years of working long hours and seven-day work weeks in local restaurants, was seriously considering returning home to Tapachula, Chiapas. His plan was to invest in a musical group there, with the hope that he and the other musicians could make a living playing in clubs and on the party circuit. Since I had just returned from the Jornada Informativa and had learned details of government programs designed to facilitate migrant investment in “productive projects” back in Mexico, I suggested to him that there might be government funds that could help to make his dream of starting a business upon return a reality. His response to my suggestion brought me right back to earth and reminded me of the gaping

divide between the rhetorical promise of these government policies and migrants' lived reality and fundamental distrust in the Mexican government. He told me, "You don't actually believe that, do you? If they were to give me a peso, they'd end up taking three more away from me somehow." He had absolutely no interest in pursuing any potential funding opportunity available through the consulate or any other government apparatus (Author's field notes, June 25, 2008). Such skepticism and distrust is part of a transnational habitus of resistance, one that my experience suggests is widely shared among Mexican migrants. This is an embodied and largely unconscious resistance to any and all initiatives prepared and promoted by government officials, whom they deem crooked and untrustworthy.²⁴

While the transnational habitus of resistance poses difficult challenges for policymakers attempting to reshape migrants' financial identities and practices, it can be argued—and government officials from both the United States and Mexico certainly do so—that the Mexican government's state-led transnationalism efforts have generated trust and confidence among the leaders of home-town associations and other migrant-led organizations. After all, as discussed in the previous chapter, the policies of *acercamiento* pursued by successive Mexican administrations over the last two decades have been targeted at an elite sector of the migrant population, including relatively wealthy, long-term migrants with legal status or even U.S. citizenship. This would give credence to the Directo a México marketing and outreach strategy employed by the consular staff who have focused their efforts on these leaders in the hope that they will effectively transmit information about the service throughout the wider migrant population through word of mouth. But even among this elite class of migrants, it is safe to say that much of

the migrant leadership targeted by these policies maintains a certain level of distrust of government agencies and officials.

This was clearly seen in the conflictual interactions I witnessed between officials from Secretaría de Desarrollo Social (SEDESOL) and Efraín Jiménez, one of the leaders of the Federación de Clubes Zacatecanos del Sur de California (FCZSC) and a representative on IME's consultative council, at the Dallas CCIME meetings in 2008. The defiant attitude and caustic comments Jiménez directed toward those government officials demonstrate that even leaders from some of the organizations with the closest relationships with the Mexican government—FCZSC member organizations have been leading contributors to the *Tres por Uno* program—maintain a healthy level of skepticism and mistrust for officials of a government that they perceive as inefficient, if not fully corrupt.

Even the IME representative from the Fresno consulate recognized that lack of trust constituted a significant barrier in her work. In our interaction of the corridor launch event in Lamont, California, she told me that consular officials had trouble in California's San Joaquin Valley engaging migrants with many of the main emigrant policies, including the flagship *Tres pro Uno* program, because migrants lacked trust in the government and its representatives. She thought that, over time, they would be willing to overcome that mistrust, but she recognized that it would take time and require a lot of work and demonstrated honesty and goodwill (Author's field notes, March 28, 2008).

Migrants' distrust of government agencies and officials surely extends to the U.S. government as well. I return to this issue in the concluding chapter below. For the moment, suffice it to say that the U.S. government's failure to approve any

meaningful immigration-reform package in recent years and the continuation—indeed, the acceleration—of exclusionary policies at the border and of detention and deportation efforts in the interior have done little to boost the credibility, in the eyes of migrants, of those agencies claiming to promote their inclusion and empowerment within the financial system of the United States.²⁵

CONCLUSION

This chapter has examined the work of translating the R-2-D agenda from promise to practice by looking at the significant efforts that U.S. and Mexican public officials put into the design, implementation, and promotion of the Directo a México remittance-transfer service. This included the technical work of interconnecting the two countries' electronic-payment systems; identifying and constructing a network of service providers; and finally, attracting migrants toward the service and attempting to reshape them into good financial subjects.

Unfortunately for the government officials conducting all this work, their efforts have borne little fruit. They have brought a modest number of banking institutions on board as service providers, but they have yet to convince a substantial number of migrants to utilize Directo a México for their remittance-transfer needs. Driven by a market-centric understanding of their program's limited successes—one that identifies its account-to-account requirement as the main impediment to widespread use—Directo a México officials have introduced the new *pago en ventanilla* cash-payout option. They hope that this modification will boost their service's popularity and use. It is too early to tell whether this new option will prove any more attractive to potential migrant customers. Either way, this

modification signals policymakers' abandonment of their goal of financial inclusion for remittance recipients in Mexico.

Directo a México's limited successes to date may indicate that most migrants are not even aware of the service and its characteristics. This brings in to question whether a marketing strategy that relies on relations with the leaders of migrant-led organizations is really an effective way to get the service into migrants' hands. An evaluation of a previous attempt to employ migrant HTAs as a marketing conduit for remittance-transfer services was unimpressed by the results and concluded that the Mexican HTAs in that project were "not the best organizations for the credit unions to focus on in their outreach efforts" (North American Integration and Development Center, 2006: 1). The limitations of such a marketing strategy may derive from its very logic. This strategy assumes that the leadership role attributed to the migrant elite through its engagement with the Mexican government is naturally recognized in the larger migrant population. But it may well be that this elite stratum of the migrant population has nowhere near such power and influence over their fellow migrants as government officials believe.

Beyond this practical issue, a more critical interpretation of the limited results of all this governmental work centers upon the agency and resistance of those targeted by these efforts. Even if this significant marketing work successfully reached migrants and remittance recipients, they might simply be apprehensive about utilizing financial products and services designed and promoted by government agencies that they do not fully trust.

The limited results achieved so far suggest that the neoliberal-populist message directed at migrants and remittance recipients has not been particularly attractive. It seems that migrants and their friends and family have not recognized themselves in the

mirror being placed before them. They have not come to see themselves as atomized individuals whose economic marginalization and physical mobility can be understood as driven solely by exclusion from formal financial institutions; nor do they presently suppose that the most pressing problems they face are to be resolved solely by gaining access to financial products and services. The power of this political-economic project to transform the identities and practices of Mexican migrants in the United States thus appears rather limited. Despite the hopes and desires of government officials from both countries, it would appear that ordinary people hailing from Mexico's migrant-sending regions have not (yet?) been successfully reshaped as good financial subjects.

However, it is important to recognize that, inasmuch as the limited reception that migrants and remittance recipients have given to *Directo a México* is a form of resistance, this is, in many ways, limited and limiting. Migrants' nonuse of *Directo a México* is not an explicit form of resistance and opposition to the broader structural conditions generating inequalities and injustices across North America (and the world). It is much more indicative of an embodied resistance, a transnational habitus of resistance to governmental efforts of any kind. We can only hope that this widely shared and embodied resistance to the predations of the "political class" may someday be extended and/or redirected to challenge the logic and dynamics of economic exploitation and injustice as well. But as yet, it appears that Mexican transnational migrants' resistance mostly takes the form of what David Spener (2009) has termed *resistencia bor-miga*, antlike resistance oriented more toward everyday survival than toward any explicit challenge to the structural violence of dominant political and economic arrangements.

Time will tell whether the recent modifications to the service and the continuing efforts by Mexican consular officials to overcome migrants' resistance will be effective at generating greater interest in and use of Directo a México. At the moment, however, it is hard to conclude that the significant work carried out by U.S. and Mexican government officials in the design, implementation, and promotion of Directo a México has been anything other than a total and utter failure. Thus far, the promise of the R-2-D agenda has foundered on the rocks of reality in North America, as Mexican migrants' enduring distrust of governmental initiatives constitutes an unassailable obstacle for this neoliberal-populist pathway to financial democracy and a post-migration future.

Conclusions

The main question addressed by *Migrating into Financial Markets* is how migrant remittances—the resources of some of the world’s least affluent inhabitants—became a development tool around the turn of the new millennium. I have shown how this discursive construction and the policies emanating from it originated in the work of remittances experts and policy entrepreneurs within a handful of international institutions dedicated to the design, application, and spread of a market-based model of development. Given this discursive model’s resonance with the neoliberal ideology widely shared among policymakers the world over, these experts and policy entrepreneurs had little trouble finding partners within other international organizations, national government agencies, think tanks, and the like. The confluence of these various actors generated a relatively cohesive policy consensus—the R-2-D agenda—that presented the incorporation of migrants and their monies within global financial markets and institutions as a promising means to spur development in the migrant-sending countries and regions of the global South.

In this concluding chapter, I want to elaborate on the major findings of the book and draw out its broader political and theoretical implications related to the making of neoliberalism and migration and development policy.

THE GOVERNMENTAL WORK OF MARKET-BASED SOLUTIONS

Throughout this book I have analyzed the significant governmental work carried out by officials within national government agencies and international financial institutions (along with allies outside government) as they sought to make remittances into a development tool. As we have seen, the upshot of all this work was the identification of remittances as an underutilized financial flow amenable to a variety of market-based policy solutions. The significant work put into the construction and implementation of this market-based development tool brings to light a recurring paradox, if not performative contradiction, faced by advocates of neoliberalism and its historical precursors: despite the antigovernment rhetoric of its promoters, the “free market” can be created and maintained only by public action and intervention.

Karl Polanyi noted this paradox in his writings on the “double movement”—the advance of economic liberalism in nineteenth century England and the spontaneous self-protection of society that followed those advances. According to Polanyi, “the road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism. . . . Even those who wished most ardently to free the state from all unnecessary duties, and whose whole philosophy demanded the restriction of state activities, could not

but entrust the self-same state with the new powers, organs, and instruments required for the establishment of *laissez-faire*” (Polanyi, 2001: 146–47). Michel Foucault made a similar point in his investigations of economic liberalism. He noted that liberalism is a practice centered on the question of how to govern as minimally as possible, of how to best achieve what Benjamin Franklin termed “frugal government.” But according to Foucault, this project of frugal government is always accompanied by a series of contradictions and paradoxes, as it relies on the “intensive and extensive development of governmental practice, . . . the invasive intrusions of a government which nevertheless claims to be and is supposed to be frugal” (Foucault, 2010: 28). This paradox has not been lost on contemporary scholars of neoliberalism who also emphasize that this market-based ideology and practice relies upon the state for its construction and maintenance. (See, e.g., Davies, 2014: 310.)

The making of remittances as a development tool shows the important place in the making and maintenance of neoliberalism not just of the state, but also of international institutions and the policy entrepreneurs and experts working within them. The conventional story about the global spread of neoliberalism in the 1980s and 1990s, of course, highlights the role of international institutions, such as the International Monetary Fund and World Bank, that imposed neoliberal mandates through policy-based lending and structural-adjustment programs. This study shows that the role of these institutions has not been limited to the design and imposition of the macroeconomic-policy recipe of neoliberalism—privatization, liberalization, deregulation, and austerity—but they have also been involved in the more intensive work of extending the logic of the market into previously excluded or ignored terrains. Throughout the book

we have seen how, in pursuit of their market-based solution, the purveyors of the R-2-D agenda—variously situated within international institutions, government agencies, and beyond—productively engaged with a variety of subjects, from banking institutions to migrants, in their efforts to reshape the way people across the global landscape viewed, imagined, and acted upon remittances.

Such engagements involved three forms of governmental work that, while analytically distinct, often overlap in real-world practices and interventions. The first of these was the *knowledge work* put into reconstituting the meaning and value of remittances, offering up a new way for peoples around the world to understand the role of migration, migrants, and their monies in the global economy. This involved the displacement of previous debates and understandings of the meaning and value of remittances, and it worked through the creation of new data-collection techniques, statistical calculations, comparisons, and visual representations to portray remittances as an underutilized financial flow that could be leveraged for development purposes.

This knowledge work, however effective, would not be enough on its own for the R-2-D agenda to have a meaningful impact on the world; if the agenda had any chance of making the world conform to its discursive representation, this would require even more governmental work. Foremost among these was *policy design and diffusion work*, through which the purveyors of the R-2-D agenda constructed particular market-based policy solutions and pitched them to government agencies, financial institutions, and civil-society actors around the world. Such work addressed a variety of obstacles to the full-scale incorporation of remittances within financial markets and institutions. For example, in an effort to improve available data and

make remittance flows legible to development policymakers and financial markets, new data-collection techniques and procedures were codified and offered up to national-government agencies responsible for official reporting of remittance receipts. Cost-comparison Web sites would later be identified as a valuable means for generating transparency for consumers in the remittance-transfer industry; best practices in the design of such Web sites were identified, and standards and official requirements were laid down in a World Bank certification procedure. Sometimes the lead agencies behind the creation and implementation of the R-2-D agenda moved beyond a facilitator role to create services directly for the marketplace. This was evident with the Mexican and U.S. central banks' co-creation of the *Directo a México* service, which they would market across the continent to financial institutions on both sides of the financial corridors linking particular locales across the international divide; it was also evident with the World Bank's creation of its own remittance cost-comparison Web site, which now tracks costs in some 220-odd "country corridors" (<http://remittanceprices.worldbank.org/en/about-remittance-prices-worldwide>).

Such work often bled into a final type of governmental work—*subject formation work*—whereby various agencies sought to reshape the economic practices and calculations of financial institutions, to bring banks and credit unions to see the once-excluded population of migrant remitters and remittance recipients as a potentially profitable client base, a veritable "fortune at the base of the pyramid." This work also involved efforts to reshape the actions, desires, and identities of migrants and the friends and family they left behind, to bring these individuals to imagine themselves as good financial subjects and to act accordingly. This was recognition that, despite

the discursive representation of them as already fully entrepreneurial subjects, migrants and their household units would require “improvement” (Li, 2007b), as they lacked the requisite knowledge and capacities to engage effectively in financial markets, managing risks, rationally processing all known market information, calculating costs and benefits, and ultimately deciding upon particular financial products and services. To conform to the neoliberal discourse extolling the potential of remittances as a development tool, migrant remitters and their friends and family members back home were thus targeted by financial education and literacy campaigns, interventions designed to reshape their subjectivity, to “make important changes in the way that people think about and handle their money” (Orozco and Wilson, 2005: 380): that is, to make them into good financial subjects.

Thus, despite a market-fundamentalist rhetoric that celebrated the transformative power of the market and continually counseled against public action interfering with migrants’ use of “their own money,” the making of remittances as a development tool came about only as the result of significant governmental work by a range of agencies across various geopolitical scales. To say that remittances were made into a development tool as a result of the governmental work analyzed throughout *Migrating into Financial Markets* is not to suggest, however, that the purveyors of the R-2-D agenda always and unquestionably succeeded in their efforts. The episodes recounted throughout the book demand a more nuanced evaluation of the effects of this neoliberal reform effort. Certainly those pursuing the agenda at various scales have achieved success on many fronts. At the most basic level, the agenda has been a tremendous success in that it brought newfound attention to remittances and generated

widespread enthusiasm around the idea that these monies could help catalyze development processes in the global South. In more specific terms, the agenda also succeeded in encouraging many national governments to improve the quality of the remittances data that they report. And the increasingly visibility of remittances did bring about increased competition in the remittance-transfer industry and reduce the costs borne by remitters in much of the world.

Not all the governmental work behind the agenda, however, has met with such success. Perhaps most clearly, the efforts to reshape the subjectivities of banking institutions, migrants, and remittance recipients appear to have faced greater challenges. The policy entrepreneurs promoting the financial-democracy aspect of the agenda did successfully engage banking institutions, and their message about the potential value of migrants and their monies seems to have resonated with many of them. This was apparent when many major banking institutions in the United States began offering low-cost remittance-transfer products over the last decade. But as mentioned in chapter 3, this interest seems to be waning recently, as banks are increasingly abandoning these services in response to both stepped-up regulation and a lack of customer demand. And while significant numbers of local banks and community credit unions bought in to the *Directo a México* program and agreed to offer the service, the startlingly low number of transfers processed through the service suggests that few of these institutions have wholeheartedly embraced the vision and truly committed to recruiting migrants as valuable members and clients. The task of reshaping the financial imaginations, identities, and behaviors of migrants appears an even more challenging task, as I discuss in the following section.

TRANSNATIONAL ENGAGEMENT: BEYOND
INTERSTATE COMPETITION

Existing scholarship on state-led transnationalism has gone a long way in documenting and analyzing the efforts made by migrant-sending states to retain the loyalties and resources of their absent populations—helping to explain, in other words, what “governments do when a large part of their population simply gets up and leaves” (Fitzgerald, 2009: 2). The analysis of the emergence and application of the R-2-D agenda provides additional insight, elaborating and extending our understanding of transnational migration, the public policies addressing it, and the possibilities for social justice and transformation emanating from it.

We have seen that the transnational-engagement policies addressing migrants are no longer unilaterally adopted and pursued by sending states; the R-2-D agenda has forged a collaboration between sending and receiving states, as well as a broader range of international financial institutions and development agencies. As initially formulated, the transnational-engagement policies of migrant-sending states would seem to have been driven by a logic of interstate competition. Those policies were designed to capture the political, economic, and social resources of an absent population, gaining access to increased knowledge and skills through the so-called brain circulation (Saxenian, 2005) and to foreign exchange through continued remittance flows. Successful application of such policies held the promise of favorably repositioning migrant-sending states within the global political-economic system. The logic of the R-2-D agenda is different; this is transnational collaboration—not competition—based on a shared commitment to the expansion and extension

of markets, the pursuit of utopian, market-fundamentalist public policies aimed at least rhetorically at tackling global inequality and injustice by fully incorporating migrants and their monies within global financial markets, trying to “make markets work for the poor.” This project aims, in other words, at extending neoliberalism to encompass previously marginalized and excluded peoples and geographies; it is an attempt to use transnational migration as a relay to reproduce and further entrench neoliberalism.

But achieving this goal of further extending the reach of neoliberalism and its market-based solutions by engaging previously excluded peoples and places is not always easy. One of the central difficulties in making reality conform to the discursive construction of remittances as a development tool is that the R-2-D agenda’s ultimate target population, the migrating subjects whose conduct it seeks to shape, transform, and improve, is often characterized by clandestinity, mobility, and mistrust. The case of Mexican migrants is instructive on this point. Mexico’s state-led transnationalism policies—aimed precisely at reincorporating Mexico’s absent population, at capturing the loyalties, energies, and resources of the population of *mexicanos en el exterior*—have regularly been touted as best practices for other governments to learn from and follow. The other agencies and organizations working to implement the R-2-D agenda in North America rely upon the Mexican government’s transnational-engagement policies, agencies, and institutions as their means to gain entry and to connect with this mobile population. The officials within organizations and agencies collaborating with the Mexican government undoubtedly assume that these policies and practices have been effective at recapturing this absent population—and the self-congratulatory rhetoric of the

Mexican officials running these programs (e.g., García de Alba, 2010) probably does nothing but reinforce such beliefs.

But as we have seen, there are reasons to doubt the effectiveness of this transnational-policy apparatus as it expands its reach, moving beyond an elite stratum to engage the full range of migrants—and their friends and family back home—in the types of financial-education and literacy training that they hope will make the individuals within this population into good financial subjects. As noted in the previous chapter, many migrants mistrust government officials and are suspicious of their intentions when they claim they want to help improve migrants' lives. This constitutes a significant challenge for the transnational-policy apparatus and those programs aimed at educating migrants, at reshaping their attitudes and identities in ways more consistent with the logic and ethos of market fundamentalism. The fact that these educational efforts are currently being carried out in collaboration with agencies of the U.S. government likely does not help to quiet migrants' mistrust; in fact, it may well exacerbate such mistrust. This is because the inclusionary project of the R-2-D agenda sits uneasily beside another governmental project targeted at Mexican migrants within the United States—one that aims at their physical exclusion at the territorial boundary and the insertion of those who make it to the interior into what Nicholas de Genova terms a “social space of ‘illegality’” (2002: 427).

These inclusionary and exclusionary governmental projects run at cross-purposes. Given that most Mexicans from peasant or working-class backgrounds have little to no realistic chance of entering the United States legally (Spener, 2009: 9–10), contemporary Mexican migration is largely unauthorized. Nestor Rodríguez has usefully conceptualized this as “autonomous

international migration” (Rodríguez, 1996; Spener, 2009), migrant self-activity undertaken despite the existence and objectives of state regulations seeking to restrict their movements across the international boundary. Autonomous migrants have developed an elaborate repertoire of attitudes and actions to evade detection by the agents of government who would deny them a livelihood within the United States, practices that have been carefully honed through a process of what Rodríguez (1999: 70) terms the “social accumulation of knowledge and skills.” This set of attitudes, practices, and mentalities adopted by the population of undocumented Mexican migrants to remain untouched by government authorities, to keep themselves outside the view and reach of boundary policing and immigration-enforcement regimes, render this population slippery and intractable when government agents of various sorts target them with productive modes of power, with attempts to include them in financial markets, shape their individual subjectivities and practices, and turn them into good financial subjects by way of financial-literacy and education schemes. In large part this is because migrants do not stop to inform authorities on either side of the boundary of their comings and goings. The prevalence of clandestine entry means that there is no accurate register documenting the identities of migrants or where they are physically located. The lack of such registries makes it difficult to develop any finely calibrated efforts to target and recruit migrants for financial education and training.

While the prevalence of clandestine and autonomous migration constitutes a significant obstacle for governmental projects targeting and seeking to “improve” migrants and their communities, the agents pursuing the R-2-D agenda are elaborating and drawing upon new surveillance technologies that may facilitate

this task. In the North American case, for example, certainly no accurate register exists of the entire population of autonomous migrants entering the United States from Mexico. But Mexican authorities are trying to remedy this deficiency through their Matrícula Consular (MCAS) initiative. As we have seen, the MCAS played a key part in the Mexican consular corps's efforts to promote financial education and literacy, particularly as a means to negotiate with banks and other financial institutions to provide workshops and public presentations to the captive audience of Mexican migrants within consulate waiting rooms. These authorities are also beginning to use their database of all MCAS cardholders to target particular segments of the larger migrant population. This is most clearly seen with the *corredores financieros* program. Here the database is being used to identify community-level trends, to specify geographic concentrations in the United States of migrants from particular localities in Mexico, and to shape and engage those migrants as good financial subjects within these socially constructed translocal financial corridors.

Autonomous migration is sometimes presented as fully transformational, as having somehow freed the undocumented migrant from the moorings of nation-building projects and states' "monopoly on the power to assign identities to those who enter [their] space" (Kearney, 1991: 58). The findings of this project would seem to caution against any such overly celebratory readings of the meaning and consequences of autonomous migration. The pursuit of the R-2-D agenda in North America may face challenges in reaching and impacting certain segments of its target population, particularly undocumented migrants, but that does not mean that this target population has been freed completely from the gaze of these governmental authorities. Quite the contrary. The elaborate governmental project that

public officials in both the United States and Mexico, as well as their partners in international organizations, have carried out—targeting migrants, their monies, and their communities for improvement—dispels any facile suggestion that autonomous migration necessarily transgresses the reach and power of the territorial nation-state and the more expansive networks of governmental power that these are currently forging.

Today’s undocumented Mexican migrants may have more latitude and room for maneuver than if they were enrolled in a new guest-worker program, and they would certainly seem more “free” than the Philippine migrants caught up in that state’s “labor-brokerage” programs, which involve government officials in all aspects of the migration process, from recruitment and training to job placement and contract enforcement (Rodriguez, 2010). But that freedom comes at a price, including the monetary cost of hiring *coyotes* to guide migrants around the militarized enforcement apparatus of the U.S. Border Patrol, the physical cost of the perilous journey across the international boundary, the emotional cost of living with the ever-present danger of disruption and dislocation as the U.S. government’s detention and deportation regime further penetrates the spaces of migrants’ everyday lives, as well as the less tangible costs of enduring family separation. Lamentably, all these costs, and the human suffering that they entail, are erased from view as the R-2-D agenda touches ground in North America.

UNSEATING THE HEGEMONY OF MARKET-BASED SOLUTIONS

Finally, a few words are in order regarding the political implications of the foregoing analysis of the content and consequences

of the R-2-D agenda. This agenda and the governmental agencies driving it are ultimately pursuing a rather straightforward objective. The basic formulation is: migration leads to development, which leads to the end of migration; that remittance-led development can (and should) lead to a postmigration future. This book has detailed the significant governmental work required in the attempt to make this formulation a reality and has documented the uneven effects of the policies put into practice to achieve this objective. In this final section I want to move beyond this line of analysis to entertain alternative ways of thinking about migration and development, most of all by calling into question the taken-for-granted assumption that development should be pursued in the global South so that people can stay home, so that they can remain in the places where they were born and “where they belong.”

Even some of the more creative voices in recent debates over immigration reform in North America, themselves highly critical of the types of market-fundamentalist policies underlying North American economic integration and the R-2-D project, have attempted to redirect the political debate around immigration and the need for policy reform to focus on the need to stimulate economic development in Mexico’s migrant-sending regions so as to assure the people living there “the right to stay home” (Global Exchange, 2008). These voices advocate a “comprehensive effort to slow or reverse the outflow of Mexicans to the United States,” an effort that would need to focus on reducing “the crushing economic pressures that have won Mexico the unenvied position of being the world’s undisputed leader in out-migration” (Lewis, 2008: 6, 7). There is certainly much value in these calls for improving the economic conditions and opportunities available to workers and small farmers in Mexico’s migrant-sending

regions. But this critical perspective really offers little in the way of an alternative, as it shares two problematic features of the market-centric R-2-D agenda. First, by representing migration as “economic expulsion” (Lewis, 2008: 8), migrants are framed as agencyless victims of macrostructural forces, and the full range of social and cultural, as well as political-economic factors, that have made migration into a self-sustaining process are steadfastly ignored. Second, migration is taken to be perverse, a pathological social process that needs to be undermined and ultimately reversed.

Some of the more nuanced contributions to debates about migration and development have, commendably, framed the ultimate objective of public policies not as putting a stop to migration but instead as making migration an option rather than a necessity. While this formulation does, unfortunately, reproduce the understanding of migration as driven exclusively by economic forces, as compelled by economic necessity, this nuanced statement of objectives helps point toward new ways of thinking about the future of migration and the policies addressing it. Most important, it helps to emphasize the value of making international migration and mobility into a real option accessible to peoples around the world.

The R-2-D agenda gives no sustained attention to the severely limited availability of legal channels for labor migration into the global North, and this constitutes one of the most glaring absences from this policy agenda. An alternative approach to migration and development would need to remedy this silence, insisting that the potentially positive relationship between migration and development cannot be realized if migration is not truly an option, if the dearth of legal migration channels renders substantial portions of migrants “illegal,”

entails migrants' long-term separation from family and friends, and often requires death-defying treks through the most inhospitable terrains.

Through their collective forging of enduring transnational social spaces, migrants can valorize and find dignity in their engagement in political, economic, social, and familial life in multiple spaces across international borders—as was clearly evident in the CCIME *consejera* María Antonieta González's address to President Felipe Calderón, recounted in chapter 4 above. Perhaps this form of “transnational living” (Guarnizo, 2003) is not a problem that needs to be eliminated or reversed; perhaps the problem resides, instead, in exclusionary boundary-enforcement policies designed to restrict mobility, to bound social life within the limits of the territorial nation-state, and to contain peoples within the places where they were born and are thought to belong. If this is the case, undermining and reversing these exclusionary policies should be the objective of any political project designed to truly make migration an “option.” This would likely contribute to a much more attractive form of “development” for the world's poor and excluded than the financial inclusion promised by the R-2-D agenda.

NOTES

CHAPTER 1. INTRODUCING THE REMITTANCES-TO-DEVELOPMENT AGENDA

1. This translation has been produced by the author, as have all other translations of original Spanish-language sources in this book.

2. This is not to say that an important academic literature has not been spawned alongside the growing interest in remittances as a development tool; indeed one has. Academics have made valuable attempts to bring scholarly argument and evidence to the attention of policy-makers, in an attempt to further perfect public policy on migration and development. (See, e.g., Martin and Zürcher, 2008.) Other, more critical contributions have demonstrated many of the faulty bases on which the edifice of remittances and development policies have been constructed. (See, e.g., Goldring, 2004; de Haas, 2007; Delgado-Wise and Márquez Covarrubias, 2007; Glick Schiller and Faist, 2010.) As will become clear below, this project is distinct in that I am not solely interested in contributing to the formation or critique of remittances and development policies. More fundamentally, *Migrating into Financial Markets* examines the governmental work—the knowledge practices, political maneuvering, and subjectivity formation—that made

possible this “new discovery” and its rapid diffusion around the world in the early years of the new millennium.

3. I place “development” within quotation marks here to signal the contested nature of this concept. It is beyond the scope of the book to venture too deeply into the thorny academic debates about the meaning and desirability of “development” or “postdevelopment” alternatives. Suffice it to say that the notion of development implicated in most contemporary remittances-and-development debates and policy proposals would seem fully consistent with what Sally Matthews has termed the “post–World War II development project”—those various and competing theoretical positions, from modernization theory and its neo-Marxist critics on through to neoliberalism, united by a universalist belief in “progress,” in the notion that “some areas of the world are ‘developed,’ and others not, and that those which are not can and should set about achieving the ‘development’ which has thus far eluded them” (Matthews, 2004: 375).

4. Iskander’s description of this program makes clear just how labor-intensive this “strategy of accompaniment” was. She notes that Moroccan officials literally accompanied individual migrants to the offices of the French postal service, helping them to fill out necessary paperwork and interact with postal staff, in their effort to bring migrants and their monies into the formal banking system (Iskander, 2013: 169).

5. I draw the term “policy entrepreneur” from Mintrom (2000) and use it here to describe the officials and bureaucratic staff within various public and private institutions advocating the conceptual and policy changes encapsulated in the R-2-D agenda.

6. Public officials and policy entrepreneurs have not completely abandoned policies based on state-migrant cooperation in favor of these market-based solutions. Certainly programs like Mexico’s *Tres por Uno* program continue to function with some success. But market-based solutions have increasingly overshadowed state-migrant partnerships. This is due in part to the fact that development policymakers in the international institutions and many national governments see these market-based solutions as offering potentially greater payoffs—by tapping into the entire stream of

migrants' remittances and not just the much smaller fraction of "collective remittances" (Goldring, 2004) gathered by organized migrant associations. But it is also clearly a function of the broader political-economic context favoring market-based solutions over explicit government action in the economy.

7. Particularly spirited has been the debate around whether such developments signal the emergence of a "deterritorialized nation-state" (Basch, Glick Schiller, and Szanton Blanc, 1994). This conceptualization of the nation-state as somehow "deterritorialized" has been the object of significant critique. (See, e.g., Guarnizo and Smith, 1998; Østergaard-Nielsen, 2003; Robert C. Smith, 2003; Waldinger and Fitzgerald, 2004; Fitzgerald, 2009.) While these criticisms may be right to point to the limits of the nation-state being unhinged from its territorial foundations, in some cases they seem to mischaracterize the initial formulation of the deterritorialized nation-state as a political project, a set of perceptions, imaginings, and constructions of the nation and its citizenry as extending beyond the territorial limits of the officially recognized nation-state.

8. Within the transnationalism literature, this possibility is most forcefully articulated by Waldinger and Fitzgerald (2004: 1180–81), who chide transnationalism scholars for failing to subject to significant inquiry the topic of the relationship between immigrant transnationalism and the receiving state.

9. This narrative works in large part by extending a version of the Malthusian "perversity thesis" (Somers and Block, 2005) into the realm of global-development policymaking. As Somers and Block (2005) show, that perversity thesis worked to undermine welfare programs by suggesting that, far from eliminating poverty, these programs actually caused it. In a similar manner, the rhetoric behind the turn to microfinance and associated development policies serves to undermine the value and importance of official development assistance (ODA) or other forms of redistribution at a global scale. In this narrative, ODA is essentially presented as an international version of welfare, and it carries the pernicious effects characteristic of welfare in that it creates "aid dependence" and limits the initiative of governments and individuals in "developing countries" to work their own

way out of poverty. The market-based alternative proposed by micro-finance, often summarized as the need to provide “opportunities not handouts,” is a repudiation of aid as a form of charity and the suggestion that real change is to be found in poor people’s exercising micro-entrepreneurship. (See, e.g., Yunus, 2007: 115–16.)

CHAPTER 2. FACTS, FIGURES, AND THE POLITICS OF MEASUREMENT

1. See, for example, <http://www5.iadb.org/mif/ProgramsandProjects/AccessstoFinance/Remittances/tabid/215/language/en-US/Default.aspx>; <http://www.ifad.org/remittances/index.htm> and <http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:21121930~menuPK:3145470~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html>.

2. As Merlingen (2006: 187) notes, such an approach to global politics (and economics) helps identify the “technical ways in which reality is made thinkable” through myriad “inscription devices” such as reports, graphs, statistics, diagrams, and drawings.

3. In fairness, we should note that the MIF Remittances Program did also produce maps of the outflow of remittances from the United States and Spain. But once again, while these maps provided valuable detail in terms of the aggregate amounts remitted from particular U.S. states or Spanish autonomous communities, they did not provide any concrete detail about the specific destinations of these monies.

CHAPTER 3. FORGING THE REMITTANCES-TO-DEVELOPMENT NEXUS

1. In this sense the R-2-D agenda internalizes and reproduces a trend toward the “financialization of development” (Roy, 2010) whereby access to credit and financial services has become the ultimate objective of development policymaking.

2. This phrase is quoted in the appeals court decision from this class-action lawsuit. See 267 F3d 743. <http://www.nmta.us/site/page>.

php?347 (accessed June 4, 2010); <http://events.iadb.org/calendar/event-Detail.aspx?lang=es&id=1533&OID=102> (accessed June 11, 2010).

3. “Who’s Who in Remittance Transfers”: <http://www.profeco.gob.mx/envio/cuadros.asp> (accessed January 13, 2015).

4. <http://www.sendmoneyhome.org/Content/about.php> (accessed June 4, 2010).

5. <http://remittanceprices.worldbank.org> (accessed January 13, 2015).

6. See <http://remittanceprices.worldbank.org/en/national-and-regional-databases-certified-by-the-world-bank> (accessed January 13, 2015) for a visual representation of this World Bank stamp of approval.

7. We should note, however, that even with this decline in the average transfer cost, some services from many of the major players that dominate the industry—Western Union, MoneyGram, Orlandi Valuta, Vigo, etc.—continue to be priced above 6 percent from the United States to Mexico. <http://remittanceprices.worldbank.org/en/corridor/United-States/Mexico> (accessed July 13, 2014).

8. With the MDGs world leaders drew up a list of eight concrete development goals, ranging from the reduction of global poverty by 50 percent between 1990 and 2015 (Goal no. 1), the reduction of child mortality by two-thirds during the same time period (Goal no. 4), and the creation of a “global partnership” for development (Goal no. 8). See Sachs, 2005, for a discussion and impassioned plea on behalf of the MDGs.

9. Most of these authors are associated with the World Bank’s Migration and Development Team, whose work can be found at <http://www.worldbank.org/prospects/migrationandremittances> (accessed August 9, 2011).

10. The market-centric logic of the R-2-D agenda was expressed succinctly by Orozco and Wilson (2005: 380), who claimed that, with the magnitude of aggregate remittance flows well documented and widely circulated, “the profit motive will ensure that the financial sector and other businesses will change the way they view migrants and their families.” In later years there has been explicit recognition of the limits to this market-centric vision of the profit motive driving financial inclusion. For example, the authors of a 2007 report of

the Inter-American Dialogue's Task Force on Remittances, reflecting upon the limited progress that had been made on the "banking the unbanked" recommendations contained in an earlier report (IAD, 2004), pointed to the limits of this assumption. In their words, "when that report was written, the task force believed that U.S. banks would, on their own, conclude that serving the immigrant community was good business. Some banks have responded, but the number is far too small" (IAD, 2007: 10).

11. This discussion and the concept of depoliticization draw inspiration from James Ferguson and his suggestion that development discourse works by "reposing political questions . . . as technical 'problems' responsive to the technical 'development' intervention" (1990: 270).

CHAPTER 4. BRINGING REMITTANCES INTO THE NORTH AMERICAN ECONOMIC- INTEGRATION PROJECT

1. This term of art references not just Mexican *migrants* living abroad but also their children and subsequent generations born abroad. While the term addresses all Mexicans living abroad, the vast majority of migrants and their descendants are concentrated in the United States.

2. Here I'm building from Tomas Hammar's (1990) distinction between two types of migrant host-state policies: immigration policies that are designed to regulate the entrance of foreigners into the national territory and immigrant policies that seek to facilitate the integration of foreigners within the nation-state's social institutions.

3. The term was coined by Mexican political scientist Manuel García y Griego (1988: 147) in the mid-1980s and has been widely used to describe the unstated migration policy of the Mexican government from 1974 to around 1988.

4. Some commentators have suggested that the events of 9/11 were not the determining factor that dashed the hopes for Fox's grand vision. Luis Carlos Ugalde (2003: 116), for example, has argued that "even if the attacks had not occurred, the audacious move by the Mexican government to introduce a 'NAFTA plus' scheme to liberalize

the labor market across North America would have had very limited success.” Ugalde suggests that domestic constraints of a political and structural nature in the United States, such as electoral interests and the declining vitality of the economy, would have blocked the path to an eventual migration agreement, even in the absence of the terrorist attacks. While there were surely domestic political and economic obstacles that any agreement would have had to overcome, the arguments forwarded by Ugalde and others fail to apprehend the real importance of Fox’s vision of the future and of the expert analysis of the U.S.-Mexico Migration Panel that supported that vision. These discourses articulated economic conditions and political interests and values around a vision of deeper North American integration that justified migration reform in the short term and disappearing controls on human mobility over the long term. The political work done by these visions was to restructure the political terrain and expand the limits of the possible.

5. <http://www.ime.gob.mx>. Accessed March 20, 2011.

6. Most important for our purposes, this has included a series of some twenty *Lazos Económicos* bulletins providing links to the latest research and promotional material about the financial-education efforts and remittances and development projects carried out by Mexican agencies and their allies in the international institutions, the U.S. government, the private sector, and civil society.

7. Recent *Jornadas* have addressed women business owners, migrant health professionals, home-town association leaders, and individuals and organizations involved in financial education, for instance.

8. In addition to the challenge this constituted for the emigrant policies examined here, the next section identifies the significant effect of 9/11 on the emigration policies promoted by the Fox administration.

9. Recognition of the MCAS would offer migrants some minimal rights, including the ability to identify themselves before law-enforcement officials and to gain access to financial services. But these benefits pale in comparison to the many other difficulties faced by undocumented migrants. Even with the new MCAS, most migrants would remain in an undocumented legal status that offered them little to

no labor rights, left them vulnerable to widespread workplace abuse, and forced them to endure the ever-present danger of detention and deportation by immigration authorities.

10. This tactic has not stopped the anti-*matrícula* forces, those same people that see this as a form of “quasi citizenship,” from branding the card “the illegal-alien ID card.” See, for example, Center for Immigration Studies, 2003; and Dinerstein, 2003. Surprisingly, Jorge Castañeda, the then leader of the SRE, confessed in a memoir about this period that he personally thought of the redesign and promotion of the MCAS as part of the pursuit of “creeping legalization” (Castañeda, 2007: 149). Délano (2009: 794n.) reiterates the government’s public line in response to Castañeda’s admission, arguing that “Consular IDs in no way affect the legal status of Mexicans in the United States.”

11. For example, Mexican consul Hugo Juárez from the San José consulate in northern California directly lobbied county supervisors in Santa Clara and Santa Cruz counties during March 2002. Discussions of these contacts and the resolutions recognizing the MCAS that were successfully passed in both jurisdictions can be found at: <http://www.blancaalvarado.org/pastproj/consular.html#II> (accessed May 7, 2009) and <http://sccounty01.co.santa-cruz.ca.us/bds/Govstream/ASP/Display/PdfFinder.asp?Type=Agenda&MeetingDate=20020618&File name=051.pdf> (accessed March 20, 2011).

12. This finding will come as little surprise to those familiar with Calavita’s (1992) study of the Bracero Program, which tediously unpacked the black box of “the state” to identify not just the political-economic contradictions that would eventually undermine that policy but also the living and breathing human beings inhabiting the state whose actions at its levers are driven by personal and (agency-specific) professional interests.

13. See the boilerplate legal agreement drawn up by officials in the SRE: “Acuerdo para Involucrar a las Instituciones Bancarias Estadounidenses en la Promoción de las Matrículas Consulares en Estados Unidos,” available at http://www.ime.gob.mx/ime2/images/educacion_financiera/acuerdo_bancos_consulados.pdf (accessed July 29, 2014).

14. <http://www.mcc.gov/pages/selection>. Accessed March 20, 2011.

CHAPTER 5. FROM PROMISE TO PRACTICE

1. The demise of the New Alliance Task Force (NATF), a collaboration between the Federal Deposit Insurance Corporation (FDIC) and Mexican consulates across the country (Frias, 2004), is a good example of this. When I approached officials within the FDIC's community-affairs department to discuss the work of the NATF, work that had been widely praised (see Orozco, 2004; Hernández-Coss, 2005; Paulson et al., 2006), they were reluctant to speak with me on the record, as they feared that our discussions might touch on topics related to immigration policy. They even sought to distance themselves from the NATF collaboration, as illustrated in the following excerpt from an e-mail message I received from the agency's national coordinator for community affairs: "We are glad to talk about our initiative, but are not authorized to discuss immigration policy, or procedures. It is precisely for this reason that we were not able to engage in a formal partnership representing an inter-governmental collaboration" (Electronic communication, May 14, 2009).

2. In the United States, this system goes by the name FedACH. In Mexico, it known as Cecoban, SA de CV.

3. Available at <http://www.directoamexico.com/preguntas.html> and <http://www.directoamexico.com/caract.html>. Accessed February 25, 2011.

4. See <http://www.frbsservices.org/files/help/pdf/DirectoMexico-FAQ.pdf>. Accessed January 23, 2015.

5. Available at <http://remittanceprices.worldbank.org/Country-Corridors/United-States/Mexico/>. Accessed November 5, 2013.

6. As of April 2010, with the implementation of a new *pago en ventanilla* service, recipients in Mexico are no longer required to receive their monies in an account (www.directoamexico.com/queues.html). This new service offers cash payment through the branches of the national Telecomm-Telégrafos system. I discuss this recent innovation, and the reasons for it, in more detail below.

7. A Web page detailing government efforts at promoting the service suggests that a number of other cities were visited in similar road shows throughout 2005 and 2006. See <http://www.directoamexico.com/promo.html>. Accessed March 15, 2011.

8. “Memoria de la 36a Jornada Informativa del Instituto de los Mexicanos en el Exterior, Banco de México y The Federal Reserve Financial Services,” available at www.ime.gob.mx/ime2/jornadas/36_jornada.pdf. Accessed: April 2, 2008.

9. Audio of this presentation is available at <http://www.conferencecart.com/nacha/payments2008/sessions/player.html?sid=080503101>. Accessed: March 3, 2011.

10. Remarks at the session “From the Back Lobby to the Front Office: Practical Tips in Building a Successful Remittance Program,” at Payments 2008 Conference, May 19, 2008.

11. For an example of a white-branded poster publicizing the service, see http://www.frbervices.org/files/serviceofferings/pdf/Directo_Mexico_Poster_Spanish.pdf.

12. Remarks at the session “From the Back Lobby to the Front Office” (above, n. 10).

13. See http://www.ime.gob.mx/ime2/index.php?option=com_content&task=view&id=263&Itemid=55. Accessed March 5, 2011.

14. Available at <http://consulmex.sre.gob.mx/calexico/index.php?view=article&catid=4:articulos&id=52:corredores-financieros-mexico-estados-unidos&tmpl=component&print=1&layout=default&page=>. Accessed March 5, 2011.

15. As of November 2008, this relatively small number of monthly transactions made St. Paul Federal “the market leader” among financial institutions offering the Directo a México service within the Ninth Federal Reserve District (Grover and Nguyen, 2008). I will discuss these sobering numbers in more depth below in the section entitled “Significant Governmental Work and Limited Results: Pursuing Explanations.”

16. <http://www.directoamexico.com/corredores.html>. Accessed November 5, 2013.

17. Available at http://www.ccul.org/02media/newsprint.cfm?dailynews__ID=3717. Accessed March 13, 2011.

18. Available at www.saberespoder.com/inicio.html. Accessed March 10, 2011.

19. “Servicios Bancarios” video. Available at http://www.saberespoder.com/red_video_sep6.html. Accessed March 10, 2011.

20. Available at <http://www.directoamexico.com/tutorial/index.php>. Accessed March 15, 2011.

21. Available at <http://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CF311§or=21&locale=es>. Accessed November 4, 2013.

22. Available at <http://www.banxico.org.mx/SieInternet/consultarDirectorioInternetAction.do?accion=consultarCuadro&idCuadro=CE81§or=1&locale=es>. Accessed November 4, 2013.

23. It is probably too early to tell whether this new option for cash distribution in Mexico will make Directo a México more attractive to migrants. However, over three years after the *pago en ventanilla* option was introduced, it has not yet made a significant difference in the number of Directo a México transactions reported by Banxico. From April 2010 to September 2013, the most recent statistics available at the time of this writing, the monthly transfer volume has grown only modestly, from 30,731 in April 2010 to a high of 35,013 transactions in August 2013. Even if the “government items” sent through Directo a México held steady at around 29,500 transfers and all of the growth in transfers was in “commercial items,” these would still represent less than 0.1 percent of the 6.42 million transfers sent in August 2013.

24. Admittedly, this one conversation cannot be deemed conclusive evidence of such a habitus of resistance. Additional indications for its existence can be found in the existing research literature (e.g., Marchand, 2007; Fitzgerald, 2009, 2013) as well as my own field work. During a visit to the waiting room of the Mexican consulate in Sacramento, for instance, I observed consular staff and representatives from the California Department of Labor provide an impromptu seminar to waiting migrants about wage and hour regulations and other aspects of labor law that might be of real interest to Mexican migrants, regardless of their legal status. And yet the migrants assembled in the waiting room responded with marked indifference. While it is hard to say definitively what was going through the minds of these migrants, skepticism and distrust no doubt played some part as they continued watching television and conversing with friends and family rather than engaging with the government officials’ informational seminar. Other scholars have also noted migrants’ distrust of

the government officials promoting various migration and development policies. In research on the *Tres pro Uno* program in the state of Tlaxcala, Marchand (2008) also noted that migrants expressed serious distrust in government officials, whom they perceived to be corrupt and paternalistic. Given this, the migrants she interviewed were reluctant to participate in co-financing projects with government officials (Marchand, 2008: 236–37). In his discussion of political “dis-similation,” Fitzgerald (2013: 128) notes Mexican migrants’ high levels of “disaffection with Mexican politics”; as an indication of just how widespread this is, he points to a Pew Hispanic Trust survey from 2006 in which only 13 percent of migrant respondents reported viewing Mexican political institutions favorably. According to Iskander (2013), migrant distrust of government officials also plagued Moroccan migration and development-policy endeavors.

25. It is conceivable that the Executive Action announced by President Barack Obama in November 2014, which may offer temporary protection from deportation to millions of undocumented immigrants, will help remedy this distrust in U.S.-government agencies and officials. But since this offers only a temporary reprieve, it must appear unlikely that such an action will have much impact on migrants’ perceptions.

CONCLUSIONS

1. Such an alternative surely needs to rescue the notion of “development” from the jaws of the “post-World War II development project” with its single, universal pathway and objective of capitalist modernization. At a minimum, this would mean identifying and fomenting grassroots-driven projects of development, understood as “positive change” (Matthews, 2004: 376) defined and desired by peoples themselves—including transnational ones—not imposed by others.

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We understand very little about the billions of dollars that flow throughout the world from migrants back to their home countries. In this rigorous and illuminating work, Matt Bakker, an economic sociologist, examines how these migrant remittances—the resources of some of the world’s least affluent people—have come to be seen in recent years as a fundamental contributor to development in the migrant-sending states of the global south. This book analyzes how the connection between remittances and development was forged through the concrete political and intellectual practices of policy entrepreneurs within a variety of institutional settings, from national government agencies and international development organizations to nongovernmental policy foundations and think tanks.

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