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Migrant Cash Is World Economic Giant

By WILLIAM J. KOLE
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TIRANA, Albania -- Josif Poro pats his new sofa, points with pride to his carpets and runs a wrinkled hand over a gleaming white refrigerator. He and his wife barely scrape by on their \$220 monthly pension. They'd have to do without many of the items in their cramped apartment if their son, a factory worker in Greece, didn't faithfully send home part of his earnings.

"We call him our golden boy," said Poro, 83, a retired textile mill worker.

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

One sweaty wad of bills or \$200 Western Union moneygram at a time, they form what could be called Immigration, Inc. _ one of the biggest businesses on the planet.

Experts tracking the phenomenon told The Associated Press they have gotten a much clearer picture since the 9/11 attacks, when authorities trying to cut the flow of cash to jihadists began taking a harder look at how immigrants move their money around.

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

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

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

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

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

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

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

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

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The advertisement is a graphic with a yellow top half and a dark blue bottom half. In the top half, there is a logo featuring a stylized building with a dome and a yellow swoosh. Below the logo, the letters "UMUC" are written in a large, blue, serif font. In the bottom half, the text "Classes begin October 8." is written in white, with "ENROLL NOW" in yellow below it.

But Giuseppina Iampietro, a Swiss Economics Ministry spokeswoman, says little can be done: "Immigrants have no obligation to invest their money in Switzerland."

Meanwhile, from Poland to the Philippines, remittances are throwing lifelines to families combating poverty and helping to keep some national economies afloat:

_ Across Latin America, remittances hit \$62 billion last year and are projected to top \$100 billion by 2010, the Inter-American Development Bank says. Mexicans wire home the most cash _ nearly \$22 billion _ most of it earned in the U.S.

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

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

"Without the money we get from our son, who lives and works in Austria, my family and I would simply starve to death," said Jovana Acimovic, a housewife struggling to make ends meet in Belgrade, Serbia.

In impoverished Tajikistan, the National Bank says migrant laborers sent home \$1.1 billion last year _ more than the country's GDP. Filipinos working overseas sent home a record \$13.6 billion in 2005. So much cash is flowing that mobile phone operators make it possible to transfer money over a cell phone.

Maria Gorgan, a retired psychologist, left Romania two years ago for Spain, where she cares for Alzheimer's patients. She earns \$1,800 a month _ seven times her monthly Romanian pension, and enough to help her son make a down payment on a new house.

"We use the money I earn to support my family," said Gorgan, 56, who sends her husband a few hundred dollars each month. "I don't eat much. It's hard. But I have to do it."

In Albania, where the average monthly wage is only \$250, a third of the population of 3.2 million have left for better jobs in the U.S., Britain, Greece, Italy and elsewhere.

Many have no plans to return. But some, underscoring a trend also emerging in other countries _ Latvia and Mexico for example _ are coming back to buy homes and open businesses.

Nearly one in three Albanian real estate transactions involves an expatriate buying property back home. "That means people see their future back in Albania," said Evis Ruci, who tracks remittances for the central bank.

Nazmi Ajazi, 52, spent a few years working in Greece and returned to set up an Internet cafe and a small grocery store on the dusty outskirts of Tirana, the capital.

"It feels so good to be back in Albania, where you can be your own master," his wife, Sofie, 50, said from behind a counter laden with eggs, oranges and freshly baked bread.

But some see drawbacks.

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

"Migration creates more migration," said Ilir Gedeshi, director of the Center for Economic and Social Studies in Albania, whose emigrants have stashed an estimated \$14 billion in foreign banks. "It's a cycle. The next generation has to leave

because there are no jobs being created for them here."

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

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

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

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

Others don't see a problem.

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

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

For Ismet and Safija Helja, retired in impoverished Bosnia, the cash their carpenter son, Nedzad, sends from America boils down to this: not having to eat at a soup kitchen.

Like clockwork, it arrives every three months. "Sometimes \$1,000, sometimes \$500, depending how good he does," said Ismet Helja, 67.

"If it wasn't for Nedzad's money," he said, "we would die."

AP correspondents Bradley S. Klapper in Switzerland, Dusan Stojanovic in Serbia, Corneliu Rusnac in Moldova, Lucia Stana-Seveanu in Romania and Samir Krilic in Bosnia contributed to this report.

On the Net:

World Bank: <http://www.worldbank.org>

International Monetary Fund: <http://www.imf.org>

International Office for Migration: <http://www.iom.int>

Global remittances site: <http://www.sendmoneyhome.org>

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