Migration and Remittances in Puerto Rico, the Dominican Republic, and Mexico

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Main Objectives

- Assess the growing significance of remittances for Latin American and Caribbean economies.
- Examine the case of Puerto Rico as the second largest migrant-sending country in the region to the United States.
- Compare the impact of “migradollars” in Puerto Rico, the Dominican Republic, and Mexico.
- Explain why Puerto Ricans send less money back home than Dominicans and Mexicans.
“Migradollars”
The Growing Significance of Remittances

- During the 1990s, the money sent by migrants became the second source of income in Latin America and the Caribbean.
- Most remittances are used to meet basic subsistence needs.
- Remittances are one of the most concrete indicators of transnational economic links between sending and receiving countries.
Top Remittance Receivers in Latin America & the Caribbean, 2007 ($US Billions)

- Mexico
- Brazil
- Colombia
- Guatemala
- El Salvador
- Dominican Republic
Remittances to Latin America & the Caribbean, Per Capita, 2007 (US$)

- Jamaica
- Guyana
- El Salvador
- Dominican Republic
- Honduras
- Guatemala
- Mexico
Economic Impacts of Remittances

- Most research has focused on the volume and contribution of remittances to the balance of payments in the receiving countries.
- Numerous studies have documented
  - Who sends and who receives remittances
  - How much, how, and how frequently money is transferred
  - How the funds are used
  - Whether they fuel further migration
Remittances and the Five “Ts”

- Manuel Orozco and his colleagues have examined the links between migradollars and other economic activities, such as:
  - Tourism
  - Air transportation
  - Telecommunications
  - Nostalgic trade
Transnational Kinship Ties
“Call Home from Home”
The Special Case of Puerto Rico

- Since 1898, Puerto Rico has been an unincorporated U.S. territory.
- In 1904, the U.S. Supreme Court ruled that Puerto Ricans could travel freely to the U.S. mainland.
- In 1917, Congress extended U.S. citizenship to all Puerto Ricans.
- In 1952, Puerto Rico became an *Estado Libre Asociado* (or U.S. Commonwealth).
Gonzales v. Williams (1904)
Migration in Puerto Rico

- Since the end of World War II, the Island has been the second most numerous source of Latino migrants to the U.S. (after Mexico).
- Puerto Rico is also an important destination for a growing number of return and circular migrants and their descendants.
- More recently, the Island has received thousands of foreign immigrants, especially from the Dominican Republic.
Hispanic Population of the U.S., By National Origin, 2006

- Mexican
- Puerto Rican
- Cuban
- Salvadoran
- Dominican
- Other Central American
- South American
According to Samuel Martínez, Puerto Rico has become “the scene of multiple, cross-cutting, back-and-forth geographic displacements of people of different national origins.”

One of the results of this situation is the massive circulation of people, money, and cultural practices between the Island and other territories.
Population of Puerto Rico & Puerto Ricans in the U.S. (Thousands)

- United States: 1,000 in 1900, 2,000 in 1920, 3,000 in 1940, 4,000 in 1960, 4,000 in 1980, 2,000 in 2000, 2,000 in 2006
- Puerto Rico: 1,000 in 1900, 1,000 in 1920, 2,000 in 1940, 1,000 in 1960, 2,000 in 1980, 3,000 in 2000, 4,000 in 2006
Dominican and Cuban Population of Puerto Rico (Thousands)

- Dominicans
- Cubans

Dominican-Owned Remittance Agencies in Santurce
Remittances to Puerto Rico, the Dominican Republic, and Mexico (US$ Millions)
Dominican Remittances, By Country of Origin, 2004 (%)
Percentage of U.S.-Based Remitters (LAMP Data)
Percentage of Households Receiving Remittances, 2006-2007

Puerto Rico
Dominican Republic
Mexico
Average Monthly Remittances, US$ (LAMP Data)
Why Do Dominicans and Mexicans Remit More than Puerto Ricans?

- They have more relatives and friends back home.
- Their socioeconomic profile is more closely associated with remittance senders.
- Migradollars have greater economic value in the D.R. and Mexico than in P.R.
- The Puerto Rican economy is better off than the Dominican and Mexican economies.
- Puerto Ricans have more access to various sources of state support.
## Selected Characteristics of Puerto Ricans, Dominicans, and Mexicans in the U.S., 2000

<table>
<thead>
<tr>
<th></th>
<th>Puerto Ricans</th>
<th>Dominicans</th>
<th>Mexicans</th>
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<tbody>
<tr>
<td>Male</td>
<td>48.7</td>
<td>46.8</td>
<td>53.0</td>
</tr>
<tr>
<td>Median age (yrs)</td>
<td>27.4</td>
<td>29.8</td>
<td>24.3</td>
</tr>
<tr>
<td>Married</td>
<td>42.3</td>
<td>44.6</td>
<td>53.4</td>
</tr>
<tr>
<td>Born abroad</td>
<td>40.3</td>
<td>68.2</td>
<td>41.5</td>
</tr>
<tr>
<td>Per capita income (US$)</td>
<td>13,518</td>
<td>11,773</td>
<td>10,918</td>
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## Selected Economic Indicators for P.R., the D.R., and Mexico, 2006

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Puerto Rico</th>
<th>Dominican Republic</th>
<th>Mexico</th>
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<tbody>
<tr>
<td>GDP (US$ billions)</td>
<td>75.8</td>
<td>31.8</td>
<td>839.2</td>
</tr>
<tr>
<td>GDP per capita (US$)</td>
<td>19,436</td>
<td>3,313</td>
<td>8,054</td>
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<tr>
<td>Unemployment rate (%)</td>
<td>11.3</td>
<td>17.5</td>
<td>3.7</td>
</tr>
<tr>
<td>Poverty rate (%)</td>
<td>45.4</td>
<td>44.9</td>
<td>24.2</td>
</tr>
<tr>
<td>Average hourly wage in manufacturing (US$)</td>
<td>7.85</td>
<td>1.67</td>
<td>3.72</td>
</tr>
</tbody>
</table>
Federal Transfers and Remittances to Puerto Rico (US$ Millions)

Year | Federal Transfers | Private Remittances
1996 | 10,000 | 0
1999 | 8,000 | 2,000
2002 | 10,000 | 2,000
2005 | 12,000 | 2,000

Legend:
- Red line: Federal transfers
- Green line: Private remittances
Federal Transfers to Individuals in Puerto Rico, 2006 (US$ Millions)

- Social Security
- Medicare
- Nutritional assistance
- Veterans benefits
- Scholarships
- Housing assistance
- Temporary Assistance for Needy Families
- Other programs
Conclusions

- Remittances are a more important source of income in the Dominican Republic and Mexico than in Puerto Rico.
- Proportionately more Dominicans and Mexicans than Puerto Ricans send remittances to their relatives in their country of origin.
- Puerto Rico’s low level of remittances is related to its relatively high living standards, especially to the massive inflow of federal funds.
Dominicans and Mexicans participate more intensively and frequently in transnational kinship networks than Puerto Ricans.

Puerto Ricans tend to display a system of broad or expanded transnational economic practices.

Dominicans and Mexicans exemplify a more habitual and institutionalized transnational economic transactions.

Puerto Rico’s colonial relationship to the U.S. has a strong impact on migration and remittances.