REMITTANCES IN EL SALVADOR: ECONOMIC DECISION-MAKING IN TRANSNATIONAL HOUSEHOLDS

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BY

Madeline Ninno

[Madeline Ninno]

APPROVED:

Felix Rioja

Dr. Felix Rioja
Director of Thesis

Dr. Dauphine Sloan
Second Reader

Michele Adams

Dr. Michele Adams
Third Reader

ABSTRACT

This Honors Thesis investigates the uses of remittances, or transfers of money from someone working abroad to friends or family in their home country, among households in El Salvador. One in five households in El Salvador receives remittances, and for many, these inflows serve as a vital source of income to support basic needs. This Honors Thesis seeks to answer two questions: Do households in El Salvador that receive remittances demonstrate different saving and consumption behaviors than those that do not? Additionally, within the population that does receive remittances, does the amount of the remittances received determine the magnitude of the change in household saving and consumption? In general, the thesis aims to understand the relationship between remittance inflows and household economic decisions, looking at how the two influence each other and what effect their relationship has on the sustainable human development of migrant families. By examining both qualitative and quantitative sources, this thesis is able to understand the economic and social factors that affect transnational households' uses of remittances. Using the Encuesta de Hogares de Propósitos Múltiples, a household survey conducted by the Salvadoran government, and secondary interview sources, this thesis finds that remittance- receiving households tend to spend a greater proportion of their income than their peers, that there is no statistically significant relationship between remittance inflows and saving, and that a variety of factors, including family dynamics and emotional connections, affect how remittances are used.

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I. INTRODUCTION

This thesis seeks to answer two questions: Do households in El Salvador that receive remittances demonstrate different saving and consumption behaviors than those that do not? Additionally, within the population that does receive remittances, does the amount of the remittances received determine the magnitude of the change in household saving and consumption? In general, the project aims to understand the relationship between remittance inflows and household characteristics, looking at how the two influence each other. This investigation hypothesizes that those households that receive remittances will tend to save more than those which do not, up to a certain household income level, at which point additional remittance inflows will result in increasingly smaller increases in household saving. It also hypothesizes that remittance-receiving households will spend less on consumption goods and more on education and healthcare.

This topic, the use of remittances in El Salvador, is significant not only because of the gaps in the research described below but also because of the large impact remittances have on the Salvadoran economy. A foreign remittance is a transfer of money from someone working in another country to an individual or group in their home country. One in five households receives remittances in El Salvador, and for many, these inflows serve as a vital source of income to support basic needs, such as food and housing (Keller and Rouse, 2016). Therefore, the specific uses of these remittances can potentially impact the macroeconomy of El Salvador, as well as the everyday microeconomic realities of households.

II. LITERATURE REVIEW

The current literature cannot answer the questions proposed by this thesis because studies are generally limited to using exclusively qualitative or quantitative methods when examining the impacts of remittances on household economic behavior. Moreover, the literature does not adequately take income effects into account in examining the relationship between remittances and household outcomes. To examine the advantages and disadvantages of the approaches taken by the authors of these studies, their works are divided into three categories: those that describe the characteristics of recipients, those that compare the economic behaviors of recipients and non-recipients, and those that compare specific development outcome of recipients and non-recipients.

1. Descriptive Studies

These studies use survey data to draw conclusions about the inherent characteristics of remittance recipients (those that are different from the general population even without the effects of remittances). They typically aim to discover what types of households receive remittances and why they tend to do so. The most common methodology for these types of studies involves the use of quantitative and qualitative survey data. Quantitative aspects include data on average age, number of family members, income, spending, investment, savings, remittance inflows, and government benefits, while qualitative information includes responses related to the area of occupation and geographic location.

Two such papers use the exact same source that this project plans to use, the Encuesta de Hogares de Propósitos Múltiples (EHPM), carried out by the General Directorate for Statistics and Censuses of the Ministry of Economic Affairs of El Salvador. This annual household survey collects data from thousands of people from all 50 municipalities of El Salvador, with a focus on demographic characteristics, economic behavior, and the quality of life within each household. An example of a study that uses this source is Lukas and Keller's (2016) paper, which uses data from the 2014 EHPM in a descriptive manner to summarize the difference between remittance recipients and the general population in El Salvador, looking at location, gender, income, age, and savings rates. This paper looks at the data with a focus on those living in El Salvador and not on their family members living abroad and sending remittances (Lukas and Keller, 2016). It also seeks only to describe the characteristics of this group compared to the general population and does not analyze how these differences arise or what impact they might have on the quality of life or economic development.

Likewise, Inchaueste and Stein (2013) use household surveys from Honduras, El Salvador, and Guatemala to describe the income, education, occupation, and size of households receiving remittances during the Great Recession of 2008. They use the EHPM as their primary source for El Salvador. The authors of each section of the book contribute their particular area of expertise to the process of analyzing the features of this population. Although this book considers both those sending and receiving remittances, much greater emphasis is put on recipients in Central America (Inchaueste and Stein, 2013). Both studies use household survey data in a descriptive manner, looking to characterize remittance recipients as a group and differentiate them from others who do not receive remittances, while not testing to see the causes or effects of these differences.

In contrast, Cervantes and Uribe (2017), use a slightly different approach to describe remittance-receiving households, conducting a survey of Honduran migrants living abroad and remittance recipients living in Honduras. It was conducted during the first week of the year 2015 so that the researchers could survey Hondurans who work abroad but return home for the holidays. While this strategy is useful because it allows the authors to examine the characteristics of both remittance senders and recipients, the data regarding senders could be skewed because those who return home may have different characteristics compared to those who do not and thus are not included in the survey. This survey also has a smaller sample size than the EHPM used by the aforementioned sources, which makes it more prone to misrepresentation and bias.

In general, these studies are successful in describing the demographic and socioeconomic characteristics of remittance recipients and differentiating them from non-recipient without examining which social, political, or economic factors may cause these differences to arise. Although it is possible to assume that remittance recipients have higher educational attainment, income, and household quality due to the money they receive from abroad, this stance overlooks the possibility that there may be other, preexisting dynamics and features that enable families to send a member abroad to work in the first place. This is one gap in the existing literature which the current project seeks to fill, by applying economic theory and income allocation data to better contextualize and analyze these differences between households that do and do not receive remittances.

2. Studies of Economic Behaviors

Studies in this category are most similar to this thesis in that they look at how receiving remittances affects the economic behaviors of remittances compared to non-recipients. These behaviors specifically include how much they save, how much they invest in education and durable goods, and on what consumer goods they spend their money. Because economic behaviors are influenced by other variables, most crucially income, several authors have addressed this challenge by using instrumental variables. For example, Gapen et al (2009) use an instrument constructed of the ratio of remittances to GDP of all the countries they study to account for confounding variables associated with remittance flows. They do this to account for macro-level economic changes when measuring the impact of remittances on economic growth in communities in various countries.

Likewise, Yang (2006) uses macroeconomic trends to construct an instrument to measure remittances when looking at how remittance money plays a role in household investment in the Philippines. He uses changes in exchange rates as an instrumental variable when examining the effects of remittances on investment in human capital. He also uses data from the 1997-2000 financial crisis in Asia to better differentiate between exchange rates, but this may bias his results, as other studies have shown that investment patterns are affected by economic crises (Yang, 2006). The use of instruments by both Yang and Gapen et al are able to measure the effects of remittance inflows on household economic behavior and community development without the results being influenced by income effects. This approach is useful, but by using an instrument that is based on macro-level economic phenomena, the authors expose themselves to temporal and geographical biases. While Yang actively utilizes regional economic variation to make his instrument stronger, Gapen et al do not, so it is difficult to isolate the changes in community growth from outside economic and political events (Gapen et al, 2009; Yang et al, 2006).

In contrast, Fajnzylber and Lopez (2008) take a different approach, focusing on the relationship between remittance inflows in household behavior. When comparing households that do and do not receive remittances, the authors break down their analysis by income quintile to isolate the income effect from changes in behavior caused by remittances. This thesis will use the same strategy with data from El Salvador to account for inherent differences in income and capital accumulation between the two groups of households. While the use of quintiles provides valuable insights, the authors also use "R" as a dummy variable to indicate if a household does or does not receive remittances; however, by only using the dummy variable they do not take into account the value of remittances or the proportion of household income from remittance in their analysis (Fajnzylber and Lopez, 2008). While the use of a dummy variable limits the depth of the investigation, the division of the population into income quintiles successfully controls for income effects without exposing the experimental design to the broader range of variables associated with the use of an instrument.

3. Studies of Development Outcomes

The final set of studies relates remittance spending and savings patterns to other, non-economic outcomes, such as nutrition, health, and education. They build on previous research by connecting different areas of wellbeing and looking at the effects of remittances more holistically. Like the first category, these studies tend to use household survey data as their primary source, looking at respondents' data in terms of remittances and other, more qualitative factors. On the other hand, they control for confounding variables, such as income, more than the first set of studies.

One such study was conducted by Davis and Brazil (2016) using cross-sectional data from Guatemala's 2000 Encuesta Nacional de Condiciones de Vida. They use regression analysis to test if a correlation exists between children's nutritional health and their father's status as a remittance-sending foreign worker. This test controls for some endogenous variables that tend to differ between families that do and do not receive remittances, such as overall income level and household size, that may confound the dependent variable, child health (Davis and Brazil, 2016). Similarly, Acosta (2006) uses household survey data from 10 Latin American countries, including El Salvador, from 2000 to 2004 in order to look at the larger impacts of remittances spending on children, specifically in educational attainment. Crucially, the paper controls for these inherent differences by using village-level migration networks and household migration history as an instrumental variable. In doing so, the author can isolate the specific impacts of received remittance money on school attendance, without family education, wealth, capital assets, and size affecting the result (Acosta, 2006). Both of these studies are successful in using household survey data to draw connections between remittance inflows and development outcomes while controlling for confounding variables, namely income.

In contrast to the other studies in this category, Ambler et al (2014) investigate the effect of remittances on educational attainment (as Acosta does) but by using a field experiment methodology. This paper is different from the others because it focuses more on the decision making of those sending remittances than on those receiving them. The researchers wanted to see how remittance-senders prefer their families in El Salvador to spend the remittances, and if having greater financial knowledge and control would affect their preferences. In 2002, the researchers surveyed Salvadorians working in the United States who sent remittances back home before and after receiving one of three treatments. The first treatment was a control, the second treatment was opening a bank account for the remittance-sender a bank in El Salvador, and the third treatment was opening a shared bank account for the family that the remittance-sender could monitor. The treatments were assigned randomly. By constructing an experiment, this study was better able to control for confounding variables and understand the thought processes behind decision-making (Amber et al, 2014). While this study better captures the decision-making process connected to remittance spending than Davis and Brazil and Acosta, the smaller and more skewed sample of their experiment, which only includes Salvadoran remittance-senders in a specific area of Southern California, may bias the results and cause the authors to draw conclusions that are not representative of the entire population.

In a study conducted using the 2005–06 Ghana Living Standards Survey (a household survey conducted by the Ghanaian government) the authors find that households receiving remittances spend more on the margin on three investment goods: education, housing, and health compared to households that do not receive remittances (Adams and Cuecuecha, 2013). They also find that households that received remittances spent less on food than those that did not receive remittances. The authors use a two-stage multinomial selection model with distance to the nearest railroad station and the unexpected jobs creation rate of the area as instrumental variables. They argue that households view remittance income as transitory instead of permanent and therefore have a higher marginal propensity to invest remittances compared to income from wages (Adams and Cuecuecha, 2013).

Overall, the studies in the third category that have the most success drawing connections between remittance inflows and non-economic outcomes are those that rely on household survey data with large and representative samples and that perform regression on that control for income effects. On the other hand, while their results are very reliable, they are unable to reveal the thought processes and decision-making tools used by those that send and receive remittances, as those studies that use experimental designs are able to do.

These studies relate to this thesis because they study remittances in a variety of contexts, and each demonstrates the potential strategies and challenges involved in studying this subject. The first category describes the differences between remittances receiving and non-recipient households. These papers are important because this thesis controls for the variables that they find significantly different between recipient and non-recipient households. The second category is most similar to this research in that it examines the variation in economic behaviors between the two groups. Finally, the third category of studies is important because its findings contextualize the significance of the savings and investment patterns found in the previous one.

While these studies generally explore the theme of remittances, they do not fully examine the role of remittances in household characteristics and behaviors. Even the studies in the second category do not conduct a nuanced analysis that took into account the amount of the remittances and the proportion of the remittance inflows to household income. This differs from the cited papers in the literature in the following ways: when looking at economic behaviors, this thesis seeks to control for the effects of income and socioeconomic status by dividing the population by poverty level; it examines how households decide to spend their money, specifically in relation to sectors that are associated with human and economic development; and it connects the quantitative findings to secondary qualitative sources to understand household decision-making.

III. THEORETICAL FRAMEWORK

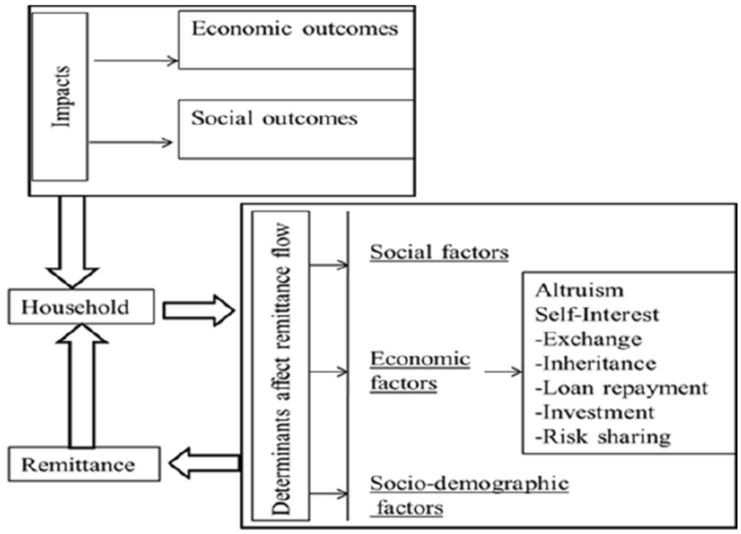
In order to understand how households, make decisions regarding migration and the use of remittances, the New Economics of Labor Migration (NELM) framework is utilized. This theory builds off neoclassical theories of migration, which examine decisions regarding migration as rational, individual, utility-maximizing, and concerned with economic “push” and “pull” factors that motivate a person to change location. NELM expands and adapts this model by centering households and families, not individuals, as the decision-makers, emphasizing how relationships between family members bring about migrations (Stark and Bloom, 1985). Several concepts are crucial to understanding NELM and using it as a theoretical framework for this thesis, specifically relative deprivation and risk-sharing.

Relative deprivation, in contrast to absolute poverty, is the perceived lack of resources compared to societal norms, other households, or different points in the life of the same household (Stark and Bloom, 1985). What specific levels of wealth and wellbeing define relative deprivation depend on the time, place, and cultural context, as it is based on the situation of an individual or group relative to those around them (Porumbescu, 2015). Relative deprivation is important to NELM because it can contribute to the desire of households to migrate, especially in contexts marked by higher inequality, in which certain groups experience more relative deprivation. As such, migration is in part an effort by households to surmount local market failures, such as insufficient credit or insurance markets, by seeking outside sources of income. Remittances are significant in this sense because they provide households with the liquidity necessary to self-finance and self-insure (Taylor, 1999).

Risk sharing is another key element of NELM. The decision of the household to support the migration of a member is not based solely on the desire for higher income, but also more diversified household income. The mutual interdependence of household members means that both costs and benefits are shared and that more diverse sources of income will reduce the risk of fluctuations in consumption (Stark and Bloom, 1985). Remittances are one way to share risk, as those working abroad and sending remittances are not subjected to the same local economic phenomena as those who remain. Therefore, NELM suggests that remittances are an "intertemporal contractual arrangement between the migrant and the family" and key to the decision to migrate (Taylor, 1999).

The thesis uses NELM in two ways: to understand why migrants decide to leave El Salvador and send remittances home from their host country, and how remittances inflows are used among recipients. It also takes into account how both personal autonomy and structural forces shape decision-making processes regarding migration (Porumbescu, 2015). By conceiving of the household as a collective decision-making body aimed at reducing risk and reducing relative deprivation, NELM provides a lens through which one can analyze the manners in which remittance recipients use remittance income and the impacts that may have on households and the surrounding communities (Taylor, 1999).

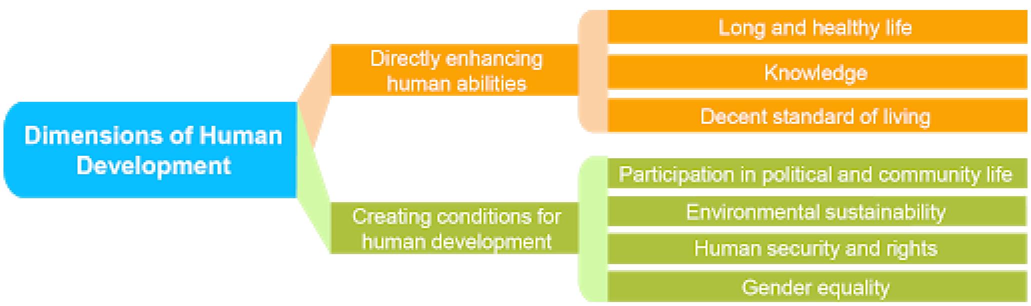
Figure 1. Diagram of the New Economics of Labor Migration framework (Mannan and Farhana, 2014)



In addition to NELM, sustainable human development (SHD) theory plays an important role in contextualizing the impacts of remittances at a household and societal level. SHD is a holistic approach to understanding quality of life that encompasses social, economic, and environmental dimensions (United Nations Development Programme, 2019). Specifically, SHD contextualizes the wellbeing of individuals or societies within the context of intergenerational equity with the goal of enhanced well-being, specifically in terms of the expansion of individuals' agency (Frediani, 2010). The SHD framework is greatly influenced by Amartya Sen's *Development as Freedom*, as it emphasizes the importance of freedom as a way of increasing capabilities and agency, thus allowing more people to shape their own futures and play a participatory role in their societies (Sen, 1999).

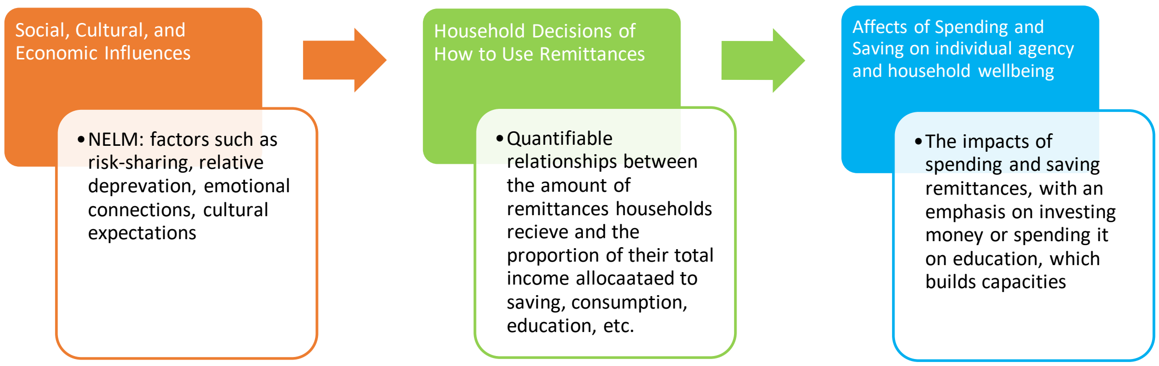
As such, when evaluating the relationship between remittances and SHD in the case of El Salvador, it is crucial to understand how the transfer and use of remittances hinders or enhances capabilities and freedoms among households. Remittances can affect human abilities directly (such as being used to pay for healthcare or education) or indirectly (by influencing the conditions necessary for human development, such as the health of the environment or the enforcement of human rights). Given that this thesis tracks the spending and saving of remittances on a household level, it is more reasonable to assess the direct effects of remittances on individual capabilities, rather than examining the larger-scale societal implications.

Figure 2. Dimensions of Human Development (United Nations Development Programme, 2019)



This thesis connects NELM and SHD theories by contextualizing household decisions regarding migration and remittances in the goals of SHD, specifically in the ability to expand agency. As such, when analyzing the relationships between remittance inflows and different forms of saving and spending, as well as the cultural and social dynamics surrounding remittances, this thesis will aim to understand the consequences of the actions in the framework of SHD, examining the impacts of remittances on individual agency.

Figure 3. Synthesis of the New Economics of Labor Migration and Sustainable Human Development Frameworks, as used in this thesis



IV. THE CASE OF EL SALVADOR

While migrants have long traveled from El Salvador to the United States, it is important to acknowledge the changing political and economic factors that have contributed to migration, especially when contextualizing the current situation of Salvadoran migrants within the framework of NELM.

Migration from El Salvador to the United States accelerated with the outbreak of the civil war in 1979. The civil war, which ended in 1992, provoked widespread violence on the part of both the Salvadoran government and rebel groups. At least 80,000 soldiers and civilians were killed and both the military-led government and Farabundo Martí National Liberation Front (an umbrella organization of rebel groups) committed violent human rights violations, with the most crimes perpetrated by government forces (Gammage, 2006). This conflict stemmed from unequal land holdings and growing unemployment, which put pressure on limited resources and led to struggles for land rights and access to agricultural wealth. Emigration peaked at the height of the war, with 129,000 people, or two percent of the total population, leaving the country by land or air in 1989 (Gammage, 2006).

While the end of the war marked the cessation of military violence and political repression, emigration continued due to gang-related violence and economic inequality. Economic issues especially affected rural households, as agriculture has declined significantly in recent decades with the rise of the service sector. Coffee, cotton, and sugar exports, which traditionally played an important role in the Salvadoran economy, have been shrinking since the 1960s and this phenomenon accelerated after the civil war. While the population grew by six percent between 1980 and 2001, the amount of land used for agricultural production only expanded by six percent, demonstrating a decline in the importance of the agricultural sector (Gammage, 2006). Revenue from agriculture has decreased from 16% of GDP at the end of the civil war in 1991 to 4.9% in 2018 (World Bank, 2020). The decline in the agricultural sector is due in part to environmental degradation that resulted from the internal conflict, as well as neoliberal government policies that flooded the domestic market with cheaper agricultural products from the United States (Coutin, 2011). Over the same period, the service sector grew steadily and now accounts for 70 percent of GDP. Notably, 68 percent of those working in the service industry are employed in the informal economy (International Monetary Fund, 2016).

Overall, El Salvador's economy has grown at an average of two percent per year since the end of the civil war (International Monetary Fund, 2016). This growth is accompanied by economic inequality, with a GINI coefficient of 38.6, making it the country with the 73rd highest level of economic inequality (World Bank, 2020). While this GINI coefficient is relatively low among Latin American countries, Salvadorans still experience limited social mobility, due to a limited education system, gang control of many officials and businesses, and a lack of access to financial institutions that would allow for investment and saving (Inchauste and Stein, 2013).

The reduction in agricultural production and overall inequality spurred many rural Salvadorans to seek work in the United States, specifically in construction and low-skilled service jobs, such as cleaning and food services. This has led to a steady increase in financial remittance inflows since the end of the civil war, which has, in turn, increased private consumption despite continually weak savings patterns. Specifically, emigration from El Salvador peaked in the period from 1995 to 2000, with a net migration of -402,000 people over those five years, or a net migration rate -13.73 per 1,000 people. In the 2010 to 2015 period, which corresponds to the data used by this thesis, the net migration rate was -7.12 per 1,000 people, meaning that El Salvador experienced a net migration of -225,000 over that period (UNICEF, 2014). While emigration rates have declined since their peak in the 1990s, remittance inflows have grown steadily over the past three decades, from $366 million in 1990 to $5.3 billion in 2019, according to official estimates (World Bank, 2020).

In addition, violence has spurred many Salvadorans to leave the country. This aspect of migration is important to note as it is not included within the NELM framework. Since the end of the civil war, the largest cause of violence and crime in El Salvador has been the growing size and prominence of gangs such as Mara Salvatrucha 13 and their rivals 18th street. There are currently approximately 25,000 active gang members in El Salvador (OAS, 2018). Violence peaked in 2015 with a total of 6,425 murders over the course of the year, or an average of 17.6 per day (Amnesty International, 2019). Since then, violence has declined somewhat, but is still a serious issue, with an estimated 4.4 murders per day. Women, children, and members of the LGBTQ+ community are disproportionately affected by gang violence, especially sexual assault and human trafficking (Amnesty International, 2019). For this reason, generalized violence motivates many Salvadorans to flee the country.

The recent history of El Salvador clearly demonstrates that both economic changes and violence have spurred migration. Violence is not specifically included in NELM, although the threat of violent crime may increase the sensation of relative deprivation and encourage risk-sharing among households who send a member abroad to work. Moreover, NELM serves the purposes of this thesis well, as the data analysis focuses on the economic choices of migrants and their families when dealing with remittances, not causes of migration in and of themselves. Therefore, while it is important to keep in mind the role of gang violence in the decisions of people to leave El Salvador, this phenomenon does not invalidate NELM as a framework to understand the economic behaviors of migrants and migrant-sending households.

Currently, remittances make up more than 20.1% of El Salvador's GDP and more than 20% of households receive some form of financial remittances (World Bank, 2020). Of El Salvador's population of 6.8 million, approximately 1.5 million live abroad (Acevedo and Cabrera, 2012). The government of El Salvador has also implemented policies to promote remittances as a tool for development. For example, the Fondo de Inversión Social para el Desarrollo Local assists individuals and hometown associations who want to invest remittances into community-level development projects by providing co-financing (Acevedo and Caberera, 2012). The government also uses consulates and embassies in the United States as bases from which they connect to migrants and encourage their investment of remittances into development projects.

The large diaspora community and the increasingly important role of remittances in the economy make El Salvador an interesting country to study in terms of remittances and household decision-making. Given the billions of dollars in remittances sent to the country each year, the possibility of remittances influencing household economic behavior could have a significant impact on El Salvador's development. Moreover, the large scale of Salvadoran migration to the United States has brought the issue of transnational households and remittances to the attention of American journalists, politicians, and academics, meaning that there are a variety of sources about these topics available.

V. METHODS

This thesis will perform a series of regression analyses with the aims of differentiating the demographic characteristics of remittance-receiving and non-receiving households, examining changes in spending and saving behaviors based on the presence and magnitude of remittances, and determining if foreign remittances demonstrate diminished marginal returns on household economic patterns. Specifically, the regression analysis will divide the population into income quintiles to control for the effects of overall income and wealth on spending and saving behaviors.

This paper builds on the work of Acosta et al (2008) by examining how the amount of remittances a household receives per month relates to its spending and saving habits, not just whether receiving remittances at all does. The use of this model to estimate the relationship between the dollar value of remittance inflows and the proportion of total income allocated to specific categories (savings, consumption, etc.), can help better understand how this relationship varies among income levels and households receiving varying amounts of remittances.

To control for demographic features of households that also influence savings patterns, the population is divided into three categories: households in extreme poverty, moderate poverty, and those not in poverty. These categories are defined by the Encuesta de Hogares de Propositos Multiples (EHPM) based on the poverty measures defined by the government of El Salvador. Moreover, the model controls for the education level, gender, and occupation of the head of household, as well as the location of the household (municipality as well as urban vs rural region), the total number of people living in the household, the number of children in the household, and the total income of the household.

$$S_i = \alpha + \beta X_i + \gamma H_i + \delta R_i + \varepsilon_i$$

S_i represents the household savings rate, X_i is a vector of the household characteristics mentioned above and H_i is a set of characteristics of the head of the household. R_i is the amount of remittances received by the household on a monthly basis and ε_i is a random error term. The coefficient of interest is δ, which represents the change in the percent of income saved per month associated with each additional dollar of remittances that the household receives. Data from the 2014, 2015, and 2016 EHPMs were used to estimate household savings rates with this model. The results of the regression analysis conducted using this model are shown in Figure 4.

This thesis also aims to complement the results obtained from quantitative data analysis with qualitative sources, specifically those that examine the dynamics of transnational households and how relationships among family members may influence the flow of remittances between countries and the use of remittance income. The purpose of this is to understand the social, political, and cultural processes and norms that influence household decision-making regarding remittances in the specific context of El Salvador today. The social and political contexts are also vital to understanding the impact of remittances on households and communities.

1. Quantitative Data Description

This thesis uses as its primary source the Encuesta de Hogares de Propósitos Múltiples (EHPM) conducted by the General Directorate for Statistics and Censuses of the Ministry of Economic Affairs of El Salvador. This work uses data from the 2014, 2015, and 2016 editions of the EHPM. The EHPM is a household survey that has been conducted annually in El Salvador since 1998. The survey collected data from 1,676,000 households, representing both urban and rural areas. Households were surveyed in all 50 municipalities of El Salvador and are conducted during the month of January every year.

The EHPM collects quantitative data about the socioeconomic and demographic characteristics of the population, including household size, amenities, number of family members abroad, remittance inflows, occupation, and age. The head of the household completes the survey. Regarding remittances, the survey asks questions about the total amount of income and remittances a household receives, in cash, transfers, and foreign currency. It also tracks how respondents spend remittances, in categories such as education, healthcare, home repairs, and savings. All data regarding income, spending, and savings are reported based on the average monthly quantities reported by that household. El Salvador uses the U.S. dollar as currency, so all data regarding money in the EHPM uses dollars as the unit of measure.

The data from the EHPM show that households have an average of 4.66-4.77 members and an average income per capita of $128-$133 per month. Households receive an average of about $46 per month in remittances. On average, the head of the household has roughly six years of education and the head of the household is more often male than female, with 52.48% of households headed by men. Summary statistics for the EHPM data are displayed in Tables 1-3.

2. Limitations

The ability of this thesis to draw conclusions about economic behavior and household decision-making is limited in several ways. First, between 2014 and 2016, the

EHPM did not consistently follow households from year to year, making it impossible to track the social mobility of families across time. Second, data in the EHPM is self-reported by families, so the information may not always be perfectly accurate, as people may misremember or simply not know information about their household’s finances. Finally, time and financial constraints prohibited the author from conducting her own qualitative interviews, limiting the ability she had to collect qualitative data specific to the questions raised by this thesis.

VI. RESULTS

Remittance Inflows and Household Saving

As Table 4 shows, in 2015, none of the households categorized as living in a state of extreme poverty reported saving any money on a monthly basis and there is no data available from 2016 for the amount of money saved by any income group. A statistically significant correlation between the amount of foreign remittances received and the proportion of total income saved was found in only one test, showing a negative correlation among those living in extreme poverty in 2014. This is likely because households living in extreme poverty do not have sufficient income to pay consumption needs (such as food and housing) and to save for later. Among households living in moderate poverty or not in poverty, there is no statistically significant correlation between the amount of remittances received and the amount of money saved each month. These findings suggest that the propensity to save for remittance income is not significantly different from other sources of income, specifically wages.

Remittance Inflows and Household Spending

Total Spending

Next, this paper examines the relationship between the amount of remittances received by households and how they spend their money, looking at the quantity of money spent among several categories (food, education, and healthcare) each month. This regression model controls for the same household and head of household characteristics as the model for savings and the population is divided into the same three categories: households in extreme poverty, in moderate poverty, and not in poverty.

Regarding total spending, the model shows that receiving remittances is associated with higher spending among all income groups, as seen in the results show in Table 5. In all three years, the increase in the percent of total income spent associated with each additional dollar of remittance money increased is less as the total income of the family increased, meaning that the relative increase in spending was greatest for those living in extreme poverty and least for those not living in poverty. Moreover, the relative increase in total spending associated with remittance inflows was similar among income groups across the three years of data.

In 2015, for example, each additional dollar of remittances that a family in extreme poverty received was associated with a 12.97% increase in the amount of total income spent each month. This means that of each additional dollar of remittances received in a month, an average of 12.97 cents is spent. In contrast, families not in poverty increased the proportion of their total income spent each month by less for each additional dollar in remittances that they received, only spending an average of 1.25% more (the equivalent of 1.25 cents) for each additional dollar of remittances they received. This suggests that while increased remittance inflows are associated with higher levels of consumption, the magnitude of the increase in the proportion of income spent monthly is decreasing as total income increases.

Food Spending

Spending on food items (as a subcategory of total spending) also tends to increase as households receive more remittances, as shown in Table 6. For example, in 2016, households in extreme poverty spent 9.64% more of their income on food each month for each additional dollar of the remittances they earned, the equivalent of an increase of 9.64 cents per additional dollar of remittances on average. The magnitude of the increase in the proportion of income spent on food varies between income levels and from year to year.

Healthcare Spending

Likewise, a positive correlation between foreign remittances and healthcare spending exists among all income levels. The increase in the proportion of total income allocated to healthcare spending varies somewhat between income levels, with households living in extreme poverty demonstrating the greatest change per additional dollar in remittances they receive and those not in poverty changing their spending the least. These results are shown in Table 7. For example, in 2016, an additional dollar of remittance income was associated with a 1.96% increase in the proportion of income spent on healthcare expenses for households in extreme poverty, while that change was only an increase of 0.61% for households not in poverty. Notably, the data from the 2014 EHPM showed no statistically significant relationship between remittances and the proportion of total income spent on healthcare.

Education Spending

For education spending, a statistically significant correlation between remittance inflows and the proportion of income spent on education only exists for households in moderate poverty or not in poverty at all. For example, in 2016, households in moderate poverty increased the proportion of their income spent on education by 1.42% for each additional dollar of remittance inflows. In the same year, an additional dollar of remittances was associated with an increase in the proportion of income spent on education of 0.99%s for households not in poverty. Notably, the change in spending on education associated with each additional dollar of remittances is smaller than the changes predicted for overall consumption and food consumption, as demonstrated by the results in Table 8.

Overall, the quantitative analysis shows that there is no statistically significant relationship between the amount of remittances received and the proportion of total income saved each month among households in any of the three income levels. Conversely, this thesis finds that higher remittances inflows are associated with an increase in the proportion of total income spent each month by households in all income groups. For the other categories of spending (food, healthcare, and education), results vary more between income groups and years, suggesting that other variables that our quantitative analysis was unable to control for influence household decisions regarding remittance spending. These other factors will be examined more in the following qualitative discussion.

VII. QUALITATIVE DISCUSSION

Qualitative data indicate that there are a variety of factors influencing the decisions households make regarding the amount of money sent as remittances and the uses of that money in El Salvador. This thesis uses interviews conducted by multiple authors. The first, and most utilized in this thesis, is the book *Sacrificing Families: Navigating Laws, Labor, and Love Across Borders* by Leisy J. Abrego (2014). Abrego collected her data by interviewing and observing Salvadoran migrants and their families in the United States and El Salvador. The majority of the 130 interviews and observations were conducted between 2004 and 2006. Of these interviews, 83 were conducted with family members of migrants, and the interviews with migrants (47) were conducted in Dallas, Texas, Los Angeles, California, and Boston, Massachusetts. The author's interviews in El Salvador were mostly conducted with children of migrants attending high school or university, from a variety of educational institutions. She recruited potential participants by talking to teachers and school administrators and by visiting public spaces, such as festivals, parks, union halls, and businesses.

The interviews conducted by Abrego are supplemented by two other qualitative sources. The first is the article "Originary Destinations: Re/membered Communities and Salvadoran Diasporas" by Susan Bibler Coutin (2010). Coutin interviewed 117 individuals living in southern California who were born in the United States to Salvadoran immigrants or who immigrated to the United States as children. These interviews were semi-structured and focused on the interviewee's perceptions of El Salvador, personal identities, and connections to both the United States and El Salvador. These interviews were conducted in 2001, so they are used in a limited capacity within the context of this thesis, as advances in technology have likely changed the relationships between the diaspora and Salvadorans living in El Salvador since the time of the interviews.

The other qualitative source used in this thesis is a briefing paper entitled "Exchanging People for Money: Remittances and Repatriation in Central America" by Andrew Wainer (2012). Wainer interviews government officials and employees of non-governmental organizations in El Salvador, Honduras, and Guatemala about how remittances impact development in those countries. This source is also used in a supplementary role due to its age and limited scope. Only interviews with people specifically connected to El Salvador are utilized.

The qualitative data provided by the interviews shows complexities that the quantitative data cannot necessarily capture, specifically in regard to how gendered expectations, cultural norms, and family dynamics influence the choices households make regarding remittances, as well as the limitations of remittances as a tool for development. Crucially, the multitude of variables that influence this theme create varied results across households and it is important to remember that neither conclusions from quantitative nor qualitative analysis can necessarily be generalized to all households. Rather, the information collected by these qualitative sources should be viewed as a source of insight into personal factors that may affect household decision-making processes, and which cannot be captured by the EHPM alone.

Family Relationships and Control

The first theme mentioned by the interviews is that of family relationships and control, specifically how the family member who controls the budgeting of remittances greatly influences the household's spending and savings patterns. For example, Abrego interviews Javier and Leonardo, two brothers living in San Salvador who are 19 and 23 years old, respectively. At the time of the interview, their parents lived and worked in Dallas, Texas with legal permanent resident (LPR) status and the brothers attended university together in San Salvador. Their grandmother administered the $600 of remittances that their parents sent each month. Javier says:

> So they send $600, but my grandmother administers that money, on water, electricity, phone, food, and any debts we may have. After they buy what is necessary for the household, we each get about $50 for the month, sometimes $25, and that is for expenses that are apart from the canasta basica (basic needs) of the household. (Abrego, 2014)

In this household, one family member administers the remittances and spends it on the goods and services that the remittance senders (Javier and Leonardo's parents) want, in this case, mostly necessities.

The young men only have control over a small amount of the family's total remittances. Javier spends his share of the remittances for daily transportation and to make copies of textbooks. Leonardo says:

> We don't go out much, like we don't party or anything like that. We know how hard our parents work to send us that money, and we can honor them. We used some to build more rooms for the house, but, aside from that, we don't take advantage. (Abrego, 2014)

This quote also demonstrates how the values and expectations of households can shape decisions regarding spending remittances, as Javier and Leonardo spend their money on education and necessary goods to honor their parents. They view spending the remittance money according to their parents' wishes not only as an economic decision, but also a reflection of their relationship with their parents and their moral values.

The decisions made by Leonardo, Javier, and the other members of the family fit into the framework of NELM, as the decisions are made as a household unit and money is managed in such a way as to maximize the benefit for the entire family. The investment in Leonardo and Javier's education is an excellent example of this, as education builds capacities, supporting the human development of the family, while also providing the basis for possible economic mobility in the future as the young men expand their work opportunities.

In contrast to Leonardo and Javier, Mayra, a 16-year old girl who attends an elite private school in San Salvador, has more control over the money her father sends her from the United States. While her mother administers the $400 per month he sends for necessary expenses, such as food, Mayra and her brother each receive another $400 per month that they can spend however they wish. She says, "My money, most of it I spend on personal things… I buy clothes, things for my hair, shoes, backpacks," (Abrego, 2014). Mayra's teachers told Abrego that they were shocked by how she bought such clothing and accessories. While the money the father sends to Mayra's mother for expenses is spent according to his desires, Mayra and her brother can do as they wish with their money, and she decides to spend it on consumer goods that do not have a significant impact on improving the wellbeing of her household (referring to the holistic SHD definition of wellbeing). Mayra's spending patterns tend to fall in line with some of the more negative stereotypes of remittance recipients as spending their money on luxury goods instead of buying necessities or investing it in education (Abrego, 2014). Mayra's situation shows how the person who controls and administers remittances within a household has great influence over how the family spends the money and, consequently, whether the remittances actively contribute to the human development and economic security of the household. The contrasting examples of Mayra and Leonardo and Javier demonstrate the varying impacts of remittances among households, underscoring the importance of not generalizing about the developmental effects of remittances among large populations.

Luisa and Rafael, two remittance-sending Salvadorans living in the United States, also demonstrate the complexity of controlling international remittances, especially regarding communicating across borders. Luisa and Rafael take turns sending money to Rafael's mother, who administers the money that is meant to go to their children, although both parents suspect that Rafael's mother uses some of the remittance money on her own expenses. Luisa says:

> I have sent as much as $500, and I never asked my mother-in-law how she spent it because I am grateful that she cares for my little girl. For me, that is very special. She is a mother, too, and if she wants to use that money to give to her children, then she can do that. I give her that money with all my heart. (Abrego, 2014).

This quote demonstrates how the distance between the remittance-senders and their receiving family makes it difficult to control how the money that they send is spent. While remitters may have certain uses in mind when sending money, such as supporting their children, those wishes may not be carried out by those administering the money in El Salvador. Moreover, in the interview, Luisa reports that she and Rafael disagree over how much money to remit, as Rafael is reluctant to send money that may not be spent entirely on raising their children. Their situation demonstrates how family dynamics also influence the decision-making process, as members may disagree on which strategies are best for reducing risk and promoting wellbeing. Luisa's response also demonstrates how emotional connections, in this case between her and her children, can greatly influence decisions regarding how much money to send in remittances and how to spend that money.

Emotional and Social Connections

María Elena's interview provides more insight into the emotional role remittances play within transnational households. María Elena's father emigrated to the United States to help pay for her education with the intention of staying for only three years but decided to stay indefinitely once he received Temporary Protected Status, which the Department of Homeland Security provided to Salvadorans following a disastrous earthquake in 2001 and which currently allows Salvadorans who entered in that period to live in the United States without risk of deportation and with access to work permits. When asked about how her life changed when her father moved to the United States, she says:

> Economically, we're doing well. But then the knowledge that he's not here physically, that part is hard. Economically, I can't complain because I'm very conscious that if he went, it was in search of a better life for us. So even though he's not physically here, he's always calling, and we're always communicating. (Abrego, 2014)

María Elena's commentary demonstrates the emotional role of remittances, which serve as a way of connecting transnational family members. It is important to recognize that the decisions to migrate and remit are not purely financial nor individual; households and family units make the decisions based on their wellbeing with an awareness of the emotional and economic sacrifices and benefits involved. As such, remittances play an emotional role in addition to the economic role captured by the EHPM data. In María Elena’s case, her father’s remittances are a form of contact, as are his phone calls.

Likewise, her comments suggest that her father’s motivations for migrating were not strictly self-interested, but rather related to improving his family's wellbeing by sending money. For example, María Elena states that she used her father’s remittances to pay for the costs of attending university, allowing her to gain more education and expand her capacities. Her comments clearly demonstrate a key element of the NELM framework, that household decisions made regarding migration and remittances involve emotional and social factors, not just economic motivations. This also relates to the holistic understanding of development as explained by the SHD framework, in which emotional, social, and political wellbeing (in addition to economic wellbeing) is key to development. Furthermore, the use of remittances to fund education, a form of capacity-building, demonstrates a manner in which remittances can be used toward SHD by expanding capabilities and promoting individual freedom through education.

Emotional considerations also play a role in the decision to migrate or stay abroad, as demonstrated by Rosa Hernandez, who moved to the United States at the age of 18 months and at the time of being interviewed lives as a college student in Southern California (Coutin, 2010). Although Rosa has no personal memories of the brief period she lived in El Salvador, she says she feels she needs to work to improve the situation in El Salvador and that she “also has that responsibility over there” (Coutin, 2010). She goes on to say that immigrants "still consider that part of us enough to where we need to do something to improve things there," (Coutin, 2010). This shows that the diaspora, even those who have spent most of their lives in the United States, feel an emotional connection to El Salvador and a desire to promote development there. Rosa even suggests that she will one day return to E Salvador to organize a theater workshop in the town where she was born.

In contrast, the emotional connections among family members can also motivate emigrants to remain in the United States. Mónica, who moved to the U.S. in 1993 at age 6, says:

> My mom says that maybe it wouldn't be so good for me (to go back to El Salvador) because that would kind of give me an insight into where my life would have been like... I mean, especially with what's happening in El Salvador with the gangs and crime. (Coutin, 2010).

In Monica's case, economic and educational desires are not the only motivators that cause her to remain in the United States; she is also concerned about the emotional consequences her return to El Salvador would have on her and her mother.

Gender

Finally, Abrego argues that gender plays a role in household economic decision-making, as suggested by the varying behaviors described to her by male and female interviewees. While it is impossible to apply the attitudes and actions of these interviews conducted by Abrego to the entire population, the insights they provide suggest that gendered expectations of parents may be one of many factors affecting how much money they remit and how regularly they send money to their families. For example, Esperanza, a single mother who left for the United States when her daughter was two years old, demonstrates the self-sacrifice expected of mothers. She says:

> I always sent $300 (monthly) to my mother, and I would get paid $100 weekly (working as a live-in nanny). I would end up with $90 because I also had to pay a fee to wire the money… It was horrible. Each week I would buy a dozen ramen noodle soups that I don't even want to see anymore, really. (Abrego, 2014)

Esperanza, who was thirty-one years old at the time of the interview, had been living by herself in the United States for 12 years, reducing her own living expenses so that she could spend as much money home as possible. She goes on to say:

> I worked for like six months, and the only thing I cared about was that there was money to send to the people over there… I mean, I had food, which was the most important thing. What I needed was money to send them because I knew there were three mouths to feed over there. (Abrego, 2014)

Esperanza's comments demonstrate an idealized form of motherhood, which is self-sacrificing, unwavering, and focuses solely on the wellbeing of her children (Abrego, 2014).

In contrast, Abrego also interviewed Milton, a father living in the United States who earned $600 per month in his upholstery job (six times what Esperanza earned). He sends money much less regularly, saying:

> I don't have an exact date to send money, nothing on the calendar to remind me. I simply send them when there is a need. That's why I say that (my children) are good people, because they don't expect me to be sending them money for

everything they want. The truth is, I couldn't tell you how much I send each year. There have been years in which I did not send them anything. (Abrego, 2014)

Of course, Esperanza and Milton have different families with different needs, so Milton’s behavior is not necessarily worse for his family’s wellbeing, nor does it necessarily demonstrate inherent differences in how men and women send remittances. On the other hand, Abrego argues that men do not necessarily have to consider gendered expectations of self-sacrifice in the same way that women do. Men are less pressured as fathers to sacrifice for their families, while women feel more pressure to prove that they are good mothers and “redeem” themselves for moving away from their children (Abrego, 2014).

Overall, these qualitative findings suggest that variables outside of those measured by the EHPM, such as family power structures, cultural norms, emotional connections, and gender influence the economic decision-making of transnational households regarding remittances. At the same time, Abrego’s interviews support several of the findings of this thesis’ quantitative analysis. Specifically, almost all ~~of~~ the households and individuals interviewed in El Salvador mention spending remittance money on consumption goods, especially food, clothing, housing, and other necessities. This is supported by the relative increase in the proportion of total income spent per month by remittance-receiving households in the EHPM. On the other hand, the interview data support the quantitative data’s findings that changes in spending on education are more variable, as the interviews suggest that unique family circumstances, such as who has control of remittance money and what they prefer to spend on, greatly influence how much money is spent on education. Finally, interviewees rarely mention saving the remittance money they receive (only six specifically said they saved some part of their remittances), supporting the results of this thesis, which found no statistically significant relationship between the amount of remittances received by households and the percentage of total income saved per month (Abrego, 2014).

Limits of Remittances

The interviews Wainer conducted with government officials and representatives of non-governmental organizations also show various perspectives on the limitations of remittances, specifically in the context of El Salvador. For example, Vincent Ruddy of the US Millennium Challenge Corporation argues that the impacts of remittances are limited by structural issues in El Salvador. He says:

> One of the typical problems you see… is often just a low capacity to identify business opportunities and develop bankable projects. The businesses are sort of limited to very ad-hoc things by family and friends. They really don't have the capacity to formalize things, which is what you need to do if you want to start institutionalizing things in a more significant way into productive investment. That stands as a big challenge. (Wainer, 2012)

This quote suggests that the limited use of remittances toward investment or entrepreneurial enterprises may be due to a lack of opportunity. Ruddy goes on to explain that El Salvador does not have many of the conditions needed for successful investment, such as financial literacy and strong institutions and that "most people are just sending money back trying to help their families survive," (Wainer, 2012). This again implies that remittance recipients in El Salvador may tend to spend more on consumption (as this thesis' quantitative analysis suggests) in part because of the immediate need of money to buy necessities, such as food and housing. Moreover, the lack of good conditions for investment (such as strong financial institutions and access to financial services) may disincentivize saving and investment among remittance recipients, who view spending their remittances as a better use of their money.

Enrique Merlos, a program coordinator with the Salvadoran organization FUNDE, also discusses the limitations of remittances as a tool for development in El Salvador. He says:

> Remittances are not creating jobs or increasing incomes. This is due to the lack of mechanisms and policies…If I [a remittance recipient] am not conscious of how to invest I'll just buy things. There needs to be training and programs for productive investment. (Wainer, 2012).

Merlos' comments suggest that remittances are limited in their ability to promote sustainable human development because they only provide immediate economic support and are often not invested in ways that promote other areas of development, such as educational attainment or political freedom. Moreover, he implies that the reason remittance recipients tend to spend their remittances on consumption goods instead of saving or investing is because a lack of knowledge. This shows that building capacities through financial education would potentially allow remittance-recipients to more effectively utilize remittances in the future.

Overall, while the interviews conducted by Wainer are useful in providing insight into the limitations of remittances from the perspective of those involved in non-profit projects and policy, it is important to keep in mind that those interviewed are not remittance recipients themselves, and therefore may have a different and somewhat limited understanding of the issue. While these interviewees do not have the lived experiences of transnational households, their positions do provide them with a more top-down perspective of the theme, which is also useful when considering the development implications of remittances.

VIII. CONCLUSION

Combining the insights of the quantitative and qualitative analyses, this thesis arrives at several conclusions regarding remittances and economics decision-making among transnational households in El Salvador:

1. There is no clear relationship between remittances and household savings. The results of the quantitative data analysis showed no statistically significant relationship between the amount of remittances households receive and the proportion of their total income that they save each month. In addition to this, the remittance-recipients interviewed in the sources rarely mentioned savings, and none of them stated that they set aside a specific amount of their remittances for saving (while they did sometimes dedicate fixed quantities to housing, consumptions, and education spending).
2. This thesis finds that remittances-recipients tend to demonstrate high levels of total spending. The quantitative analysis finds that receiving more remittances is associated with spending a higher proportion of total income among all income levels in El Salvador. The data suggested that for each additional dollar of remittances received, households with lower income increase the proportion of their total income spent per month more than those with high income. This increase in spending supported by a number of qualitative sources, which indicate that remittance recipients often spend a significant amount of the money they receive on consumption goods. These can be necessities (such as food, housing, and utilities) or luxuries (such as designer clothing and accessories). Sources indicate that these higher levels of spending may be because of the urgent and

immediate need for certain goods, as well as a lack of knowledge, security, and access to financial institutions that discourages saving and investment.

3. For other categories of spending, specifically spending on healthcare and education, several factors affect the relationship between remittances inflows and household decision-making. Within the quantitative analysis, statistically significant relationships were only found among specific income groups, suggesting that overall income may affect how households decide to spend their remittances. Qualitative sources also suggest that the power dynamics of the family, the emotional ties among family members, and the gender of remittance-senders may also affect how remittances are spent or invested, especially regarding spending on education.
4. Outside of the quantifiable variables that this study could control for when analyzing the relationships between remittances and various economic behaviors, several unquantifiable and intangible factors influence household economic behavior. Qualitative sources indicate that emotional connections between family members, power dynamics among members of the households, socially constructed gender roles, and individual perceptions of the economic and political climate all influence how households utilize their remittances.

The analysis conducted in this thesis has revealed several insights into the economic decision-making households that receive remittances. Using quantitative and qualitative sources from El Salvador, this thesis contextualized spending and saving behaviors within the contexts of NELM and SHD. The results of this analysis demonstrate that remittances play an important role in the economy of El Salvador, providing a crucial source of income for many households. Moreover, remittances have a social function, connecting members of the diaspora to those residing in El Salvador and maintaining contact between family members.

Overall, this thesis suggests that remittances play an important role in the economic, social, and emotional lives of transnational families in El Salvador and the United States. While the ability of remittances to promote SHD is limited by structural factors in El Salvador, they are crucial in connecting family members across borders and providing additional financial resources to Salvadoran households. As such, further research should be conducted to better understand how broader structural limitations affect households' decisions regarding remittances and the capacity of remittances to promote SHD. Additionally, research on remittance-pooling and remittances-funded projects, common features of hometown associations, should be researched to understand their relationship to the development of El Salvador, their ability to affect the aforementioned structural limitations, and their overall effectiveness compared to person-to-person remittances.

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TABLES

Table 1. 2014 EHPM Summary Statistics (All monetary values are expressed in U.S. dollars and reported per month)

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
Number of people in household	80,164	4.778	2.172	1	18
Municipality	80,164	9.240	6.176	1	33
People over 5 years old	80,164	4.328	2.008	1	18
Number of children	80,164	2.966	2.052	1	11
Gender	80,164	1.524	0.499	1	2
Marital status	63,027	3.709	2.112	1	6
Years of education	74,587	5.885	4.746	0	25
Income per capita	80,164	128.981	155.074	4.03	6900
Total income	80,164	4.951	44.160	0	5233.33
Foreign remittances	80,164	46.85	124.396	0	5233.33
Total saving	18,433	0.366	8.526	0	300
Total spending	80,164	391.453	306.369	11.69	5697.75
Spending on food	80,164	218.591	146.007	8.71	3594.58
Spending on Healthcare	80,164	6.323	57.457	0	5100
Spending on education	80,164	64.263	88.600	0	1525.5

Table 2. 2015 EHPM Summary Statistics (All monetary values are expressed in U.S. dollars and reported per month)

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
Number of people in household	88,184	4.666	2.078	1	22
Municipality	88,184	722.021	388.723	101	1418
People over 5 years old	88,184	4.224	1.9171	1	17
Number of children	88,184	2.955	2.05	1	11
Gender	88,184	1.525	0.499	1	2
Marital Status	69,542	3.700	2.105	1	6
Years of education	82,100	6.035	4.779	0	25
Income per capita	88,184	133.14	163.74	5	23200
Total income	88,184	4.963	45.916	0	4121.67
Foreign remittances	72,950	13.931	63.803	0	4000
Total saving	20,057	0.164	6.411	0	300
Total spending	88,184	391.672	284.984	12.93	4334.67
Spending on food	88,184	221.450	143.214	12.01	2890.66
Spending on Healthcare	88,184	5.254	53.711	0	3250
Spending on education	88,184	64.011	85.886	0	1228.5

Table 3. 2016 EHPM Summary Statistics (All monetary values are expressed in U.S. dollars and reported per month)

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
Number of people in household	76,264	4.660	2.108	1	16
Municipality	76,264	9.170	6.103	1	33
People over 5 years old	76,264	4.220	1.946	1	16
Number of children	76,264	2.950	2.052	1	11
Gender	76,264	1.525	.4993	1	2
Marital status	60,283	3.685	2.092	1	6
Years of education	70,948	5.967	4.754	0	25
Income per capita	76,264	133.226	145.396	2.64	6733.34
Total income	76,264	4.493	43.058	0	5048.75
Foreign remittances	76,264	46.854	124.396	0	2406.5
Total saving	No data	No data	No data	No data	No data
Total spending	76,264	366.644	288.827	13.7	6893.66
Spending on food	76,264	136.421	136.421	9.07	4641.66
Spending on Healthcare	76,264	10.112	61.872	0	3000
Spending on education	76,264	58.775	85.300	0	2074.5

Table 4. Results for Household Saving (** significant at 5% level, * significant at 10% level)

	Extreme Poverty	Moderate Poverty	Not in Poverty
2014			
Foreign remittances	-.0002(.0001)	.0000 (.00)	-.0000 (.0000)
Number of observations	173	1054	3832
R-squared	.0014	.0046	.0016
2015			
Foreign remittances	N/A	.0000 (.0000)	0.000 (.0000)
Number of Observations	N/A	4,381	10,598
R-squared	N/A	0.0038	0.0024
2016			
Foreign remittances	No data	No data	No data
Number of observations	No data	No data	No data
R-squared	No data	No data	No data

(Standard error is presented in parentheses. The regression also used total income, income per capita, years of education, marital status, gender, number of children, municipality, and number of people in household, but these coefficients are not reported, only the variable of interest is.)

Table 5. Results for Total Spending (** significant at 5% level, * significant at 10% level)

	Extreme Poverty	Moderate Poverty	Not in Poverty
2014			
Foreign remittances	.1744** (.0666)	.0408** (.0169)	.0082** (.0038)
Number of observations	177	1,064	3,840
R-squared	0.2510	0.1682	0.1363
2015			
Foreign remittances	.1297** (.0209)	.0540** (.0056)	.0125** (.0018)
Number of Observations	7,430	21,487	40,625
R-squared	0.1887	0.1653	0.0893
2016			
Foreign remittances	.1605** (.0138)	.0406** (.0036)	.0046** (.0010)
Number of observations	6,385	17,032	36,866
R-squared	0.2194	0.1693	0.0939

(Standard error is presented in parentheses. The regression also used total income, income per capita, years of education, marital status, gender, number of children, municipality, and number of people in household, but these coefficients are not reported, only the variable of interest is.)

Table 6. Results for Spending on Food (** significant at 5% level, * significant at 10% level)

	Extreme Poverty	Moderate Poverty	Not in Poverty
2014			
Foreign remittances	.0632* (.0499)	-.0041* (.0129)	.0009* (.0027)
Number of observations	177	1,064	3,840
R-squared	0.3609	0.2401	0.2201
2015			
Foreign remittances	.0828** (.0155)	.0348** (.0040)	.0083** (.0012)
Number of Observations	7,430	21,487	40,625
R-squared	0.3006	0.2606	0.1773
2016			
Foreign remittances	.0964** (.0105)	.0192** (.0024)	.0009* (.0027)
Number of observations	6,385	17,032	36,866
R-squared	0.2688	0.2592	0.1711

(Standard error is presented in parentheses. The regression also used total income, income per capita, years of education, marital status, gender, number of children, municipality, and number of people in household, but these coefficients are not reported, only the variable of interest is.)

Table 7. Results for Spending on Healthcare (** significant at 5% level, * significant at 10% level)

	Extreme Poverty	Moderate Poverty	Not in Poverty
2014			
Foreign remittances	.0282** (.0131)	.0054 (.0039)	-.0016 (.0010)
Number of observations	177	1,064	3,840
R-squared	0.1042	0.0260	0.0112
2015			
Foreign remittances	.0679** (.0030)	.0024** (.0008)	.0013** (.0003)
Number of Observations	7,430	21,487	40,625
R-squared	0.0046	0.0024	0.0099
2016			
Foreign remittances	.0196** (.0023)	.0056** (.0007)	.0061** (.0002)
Number of observations	6,385	17,032	36,866
R-squared	0.0164	0.0116	0.0216

(Standard error is presented in parentheses. The regression also used total income, income per capita, years of education, marital status, gender, number of children, municipality, and number of people in household, but these coefficients are not reported, only the variable of interest is.)

Table 8. Results for Spending on Education (** significant at 5% level, * significant at 10% level)

	Extreme Poverty	Moderate Poverty	Not in Poverty
2014			
Foreign remittances	.0308* (.0349)	.0319** (.0070)	.0115** (.0015)
Number of observations	177	1,064	3,840
R-squared	0.2778	0.2365	0.2053
2015			
Foreign remittances	.0211 (.0110)	.0161** (.0025)	.0073** (.0007)
Number of Observations	7,430	21,487	40,625
R-squared	0.1252	0.1533	0.1533
2016			
Foreign remittances	.0099* (.0068)	.0142** (.0015)	.0054** (.0003)
Number of observations	6,385	17,032	36,866
R-squared	0.1653	0.1464	0.1430

(Standard error is presented in parentheses. The regression also used total income, income per capita, years of education, marital status, gender, number of children, municipality, and number of people in household, but these coefficients are not reported, only the variable of interest is.)