

CHAPTER 14.

SOCIAL LEARNING AS A PRODUCTIVE PROJECT: THE *TRES POR UNO* (THREE FOR ONE) EXPERIENCE AT ZACATECAS, MEXICO

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Fleshy organic peaches grown by former migrants who picked up state-of-the-art agricultural technologies while toiling in Napa's organic vineyards, packed and shipped to exclusive grocery stores in wealthy urban areas in the United States; smoky mezcal bearing a label dedicating it to migrants who have crossed the border lining the shelves of liquor stores in the communities where those very migrants live and work; piñatas of superheroes sold in corner stores in the expanding Latino neighborhoods in the United States but also in large chains like Target or Wal-Mart; sewing machines humming in migration communities throughout the Mexican countryside as workers assemble school uniforms for local markets and slacks for export – projects such as these and others have filled the imagination of policy makers and migration communities alike who dream of linking migration to economic growth. In Mexico, both government and local communities have experimented with projects that draw on migrant capital and know-how to cultivate high-end agricultural products, to produce so-called nostalgic goods marketable because they remind people of the home they left, and to jump-start more traditional forms of product assembly. None of their attempts, however, has met with more than lukewarm success, even in the best of cases. The question of how to channel migrant remittances to productive entrepreneurial projects that are not only successful on their own terms but also generate local economic growth and employment has proved unexpectedly challenging. With migrant remittances for Mexico skyrocketing to a projected USD 16 billion for 2004, and likely to surpass the total foreign direct investment (FDI) to the country, the difficulties in designing strategies that orient migrant capital to productive investment border on maddening.

Unfortunately, the question of how to direct migrant remittances to productive projects is likely to remain vexing because it is fundamentally unanswerable. The reason is that it teeters on a conceptual contradiction. It balances on the collision of two very different, and in the opinion of the author, irreconcilable understandings of economic development and the processes through which it occurs. The first is a market-based model

that views development as the resolution of market imperfections and the second is a view of development as a process of social change. This chapter begins by outlining these two models in greater detail and then turns to the experiences of Guanajuato and Zacatecas to show how they played out in policy.¹ The trajectory of both states in their experiments with policies to build a relationship between migration and development suggests that a different question may be more useful in this endeavor. Rather than worrying about channelling remittances, the question that policy makers, scholars, and communities interested in marshalling migration and the resources it generates for development should ask is the following: How a development dynamic can be created that involves the multiple social and economic spaces of communities and regions that migration has stretched across borders and contexts, or put differently, how can a dynamic of economic development be generated that is transnational? In service of this larger goal, the question must also be asked: how to foster institutions to support the ongoing process of social learning that transnational development requires and to translate the conceptual leaps necessary for this project into concrete policy actions.

Modelling migration and development

The question of how to direct migrant remittances toward productive projects makes an implicit distinction between those projects that are defined as productive and those that are defined as social and thus non-productive. With this distinction, and with its exclusive emphasis on productive projects, the endeavor to direct migrant remittances to productive investment reveals the first model of economic development on which it rests. This first model is a stripped-down, market-based view of development, and posits that economic growth is generated by bringing together the necessary factors of production – capital and labour. In a neo-classical view that careens toward neo-liberal, the challenge for developing countries and areas is to create a supply of capital that can motivate abundant labour and take advantage of the relatively higher returns to capital that cheap labour promises. Following this logic, remittances are seen as a source of capital – albeit a significant and rapidly growing one – that merely needs to be re-directed to projects where it can be applied to labour for production. So-called social projects, which in this model can include everything from the remodelling of churches to the provision of basic infrastructure and services, provide public goods which, while laying the necessary groundwork, will never drive economic growth, and thus represent something of a dead-end for capital.

Even though the simple elegance of this model is attractive, there is a catch: it depends on the assumption that the knowledge of how to turn the combination of labour and capital into production is universally available. In this view, the laws of efficiency dictate a single best way to organise production. If firms respond to price signals from the market, they cannot help but organise production in the most efficient, cost-effective way. As a result, with a little technical assistance, anyone, anywhere, can organise production to make it profitable and sustainable if they pay attention to market signals. The role of government in this model is to remove any static that may be blurring the clarity of market signals, either in their transmission or in their reception.

1. The two case studies presented in this paper are based on several months of fieldwork in Zacatecas (December 2002, March-April 2003) and Guanajuato (December 2002, July 2003). In keeping with human subjects protocol, the confidentiality of informants is protected. People interviewed by the author are identified by name only when they were public officials, performing a public function and when their comments were provided in that public capacity.

In terms of remittances, this model suggests that signals the market is sending about profitable investment opportunities for remittances may not be getting through to migrants either because of information asymmetries (migrants in the United States are not finding out about the investment opportunities in their communities or regions of origin) or because migrants are deaf to those signals due to the ways they fall short of being rational economic actors (migrants view their communities of origin through cultural lenses, perceiving their socio-cultural value but not their economic potential, or alternatively, they are not entrepreneurial types).² Therefore, in this view, the state can and should help migrants understand market signals through a public relations campaign that magnifies the volume of those signals and that trains migrants to hear them.

While this model holds powerful sway over the endeavor to channel remittances toward productive uses, the effort depends just as heavily on a competing model of economic development as a process of social change, and more specifically, as a process of social learning and innovation. The exclusive focus on migrant remittances – the monies that migrants send home to family and friends – as opposed to a general consideration of how to direct capital to income and employment-generating activities makes this clear. It represents an explicit acknowledgement that remittances cannot be reduced to a source of undifferentiated capital, but rather that they are infused with social meaning. They are embedded in social processes that determine their value and their use. The money a migrant sends home to support the spouse and children is different in its symbolic and material value from the money donated to pave roads in the hometown, and both transfers will have very different impacts on local conditions. The money earmarked for one use is not easily shifted to another: re-allocating resources from family support to the construction of public goods requires deliberate action that itself is highly charged with social meaning.

If remittances are not fungible, then the social processes that determine their use and their impact become all-important. Moreover, if social processes ascribe a range of functions and meanings to remittances, in effect shaping what those resources are, then the ways those transfers can be marshalled for economic activities, especially the employment generating activities, have to be equally varied. Stated differently, there can be no single most efficient formula for bringing capital and labour together because production that draws on remittances is not using capital in a straightforward way. Rather, it is using a local resource that local social processes make specific and unique. As a result, the knowledge of how to use remittances for production cannot be universally available. Instead, the knowledge is local by definition because remittances glean their value from social processes that are local – local actions, local values, local relationships. The social and monetary value of remittances in a depressed rural village in Zacatecas where they represent the only income for the elderly parents that receive them will be very different from their value in the city of Leon, Guanajuato, where they may be one source of income among many sources available. How those remittances can and will be enlisted for economic production will also differ: in the Zacatecan village, for example, they may be used to subsidise unprofitable “nostalgic” agricultural production, where elderly folk cultivate crops for the rhythm it gives their lives, whereas in Leon, remittances may be used as a form of working capital for a small firm. Additionally,

2. See Moctezuma *et al.* (2002) for more on the description of certain groups of migrants as inherently non-entrepreneurial.

because as social processes change, so do the value and function of the remittances that they inflect, that knowledge is always partial and in need of continual revision.

In this model therefore the economic development of migration communities is the process of social learning³ through which social actors learn to use remittances *better*. Not in a single best way, according to a single best practice, but better. In fact, “best” in this model is an impossibly elusive goal because local constraints, local meanings and local opportunities are constantly changing. The moment a provisional “best” is achieved, local conditions have already shifted and demoted the organisation of production to “less-than-best,” prompting the never-ending search for a “better” form of organisation. The distinction between so-called social and productive projects becomes irrelevant. Instead, what counts is whether projects of either stripe can generate a process of social innovation and sustain the on-going learning that the quest for “better” requires.

The view of development that policy makers favor in this uneasy marriage of models matters a great deal for how they structure their attempts to forge a relationship between migration and development. The experiences of Guanajuato and Zacatecas illustrate this well. Both states have some of the longest standing state policies toward migrants in Mexico, and both have made a deliberate effort to link emigration with the economic development of migrants’ communities of origin. However, Guanajuato and Zacatecas have applied radically different conceptual approaches to this task, each leaning far more heavily on one model than the other. With its *Mi Comunidad* initiative, Guanajuato designed policy which equated remittances with capital, which it then channelled to projects where it could be matched with labour and put to productive use. Zacatecas, on the other hand, used migrant remittances as a medium to cultivate processes of social learning and innovation, paying less attention to the direct impact that migrant transfers have on prospects for economic development. Through what is now the “Tres-por-uno” programme, the Zacatecan state and migration communities together accomplished two key things: first, they wove the disparate geographical and socio-economic spaces where Zacatecanos live, on both sides of the US-Mexico border, into a cohesive transnational sphere; and second, they created transnational social institutions that support the conversations so necessary for learning to occur.

“*Mi Comunidad*” and the market

In 1996, Guanajuato launched its *Mi Comunidad* programme to much fanfare. After several years’ worth of social and cultural outreach to Guanajuatenses living abroad, it was the state’s first programme to link migration to local economic development. The scheme seemed like a brilliantly straightforward way to redirect migrant remittances toward productive investment: through a series of incentives and an aggressive public relations campaign, the state would raise migrant remittances which it would channel to small⁴ garment maquilas in migrants’ communities of origin. The state would provide comprehensive technical assistance, and in some cases the requisite machinery, to help the maquilas get off the ground (Martinez, 2002; Moctezuma and Rodriguez, 2002). At the height of the garment assembly boom in Guanajuato, *Mi Comunidad* seemed like a fail-safe plan that would turn isolated migration sending communities into vibrant defacto export processing zones. The then Governor Fox personally visited the newly inaugurated

3. See Sabel and Reddy (2002) for more a elaborate discussion of development as social learning.

4. The largest of the maquilas established had no more than a couple dozen employees at its height (Martinez, 2002).

migrant-funded maquilas that were supposed, in short order, to become vital links in global garment commodity chains. The state had visions of turning rural Guanajuato into a new, slightly more spread out, version of Middle Italy, with its clusters of small garment firms producing internationally competitive high-end goods (Smith, M.P., 2003).

Within five short years, it became abundantly clear that *Mi Comunidad* was a dramatic failure. Despite intensive hands-on technical assistance, discounted loans, generous state subsidies for wages and machinery, only four maquilas out of the 13 established under the programme remained. Moreover, the surviving handful barely hobbled along: they were producing for low-end local markets or found themselves assembling at the tail-end of global commodity chains, having been subcontracted to sew simple low-quality garments for relatively low returns. The remaining maquilas also faced chronic labour shortages as their workers, once trained, left for better prospects in garment firms in Guanajuato's larger cities and in garment centers in the United States like Los Angeles, or as they simply dropped out of the workforce for extended periods of time when they received remittances from relatives abroad. Migrant investors who had returned to their communities of origin in a bid to rescue their failing maquilas found themselves planning to migrate once again to raise the working capital they needed to keep their firms afloat. Not only was *Mi Comunidad* a policy disaster in terms of promoting local economic development, the programme also opened up bitter fissures amongst Guanajuatan emigrant groups, many of whom had undertaken a concerted collective action effort to pool the USD 60 000 minimum required to participate in the programme.⁵ (Martinez, 2002; Moctezuma and Rodriguez, 2002; Interviews with maquila owners and state officials, July 2003).

In retrospect, the failure of *Mi Comunidad* was predictable. From the start, the programme faced a host of structural obstacles. The maquilas that the programme established were hamstrung by their geographical isolation: they were set up in rural communities where the physical and communications infrastructure that linked them to production centers was spotty. The new firms' physical isolation quickly became a metaphor for their isolation from production networks and commodity chains, a problem the firms could not remedy on their own and with which they received little state help. Removed from the social and production mechanisms needed to ratchet up standards, a large quorum of the new maquilas produced goods of uneven and mediocre quality, at prices that were uncompetitive (Martinez, 2002; Moctezuma and Rodriguez, 2002; Smith, M.P., 2003; Interviews with maquila owners and state officials, July 2003) While these constraints represented significant stumbling blocks, the state's inability to foresee and then address them can be traced back to a much deeper problem with the programme: *Mi Comunidad* was based on a conceptual model of how migrant remittances would generate economic growth that was stylised and abstracted from context.

The view of remittances on which the programme was built stripped them of their social value. It divorced them from the social processes that imbued them with local meaning and ascribed to them a local function. To be fair, during the programme's initial fundraising phase, the state drew strategically on migrants' identity as emigrants with ties to their communities of origin, exhorting to show solidarity with those they left behind

5. Interestingly enough, despite its dramatic failure, the *Mi Comunidad* programme is still cited by multilateral development agencies as a policy example to be followed. See, for example, the IADB's programme document for its two and a half million dollar "Capitalization of Remittances for Local Economic Development" initiative for Mexico – otherwise known as "*Invierte en Mexico*" (2004).

(Moctezuma and Rodriguez, 2002). However, once the funds were secured, the programme relied heavily on a market-based logic of development as the bringing together of the necessary factors of production. Remittances were reduced to capital – capital in search of labour.

This market-based understanding of how migration could be leveraged to promote development produced two fundamental weaknesses in the programme. First, because the model of economic growth on which the state relied was built on the assumption that there was one most efficient way to organise production and the knowledge of how to do it was universally available, the state did not attend to the social process of learning that is a key part of production. Although the state took a few initial steps to connect the new maquilas to garment subcontracting chains, the effort fell far short of what was necessary to integrate the infant firms, many of whose main investors were on the other side of the border, into the thick rope of social relationships that are the underlying infrastructure of production networks. As a result, the isolated maquilas could not benefit from the ongoing learning and upgrading in quality and in the organisation of production that negotiations between firms in commodity chains can often produce. Nor were the maquilas able to access the pool of tacit knowledge and innovation in quality control and garment design that would have allowed them to move up commodity chains to tasks more sophisticated than low-end assembly. The technical assistance in no way remedied the situation: the state's technical assistance to the firms focused on training workers in low-end assembly, but it offered no training or access to institutions that could help the firms *learn* how to produce *better*.

The programme's conceptual bias about economic development produced a second important weakness in its design and implementation: the state displayed a consistent inattentiveness to the particular characteristics of the migration communities where the maquilas were established. In the model of economic growth Guanajuato relied on in this endeavor, the context of production was largely irrelevant to the efficiency of production itself. In what appears to be a direct reflection of this conceptual limitation, the state did not address how production in rural communities where every aspect of life – from cultural values to economic strategies to styles of political mobilisation – was organised around migration would be different from production in the low-migration, urban areas where maquilas that driven the state's heady economic growth in the aftermath of NAFTA had up until then been located. The programme did not take into account the myriad consequences that the maquila's location had on production, at least two of which are worth mentioning here because they call into question the fundamental premise on the model on which the policy was based: that production – and development – are basically the matching of capital and labour.

First, prolonged migration in the migration communities where the maquilas were set up had made local labour markets thoroughly transnational.⁶ Capital was not being infused into communities of abundant waiting labour willing to work at any wage. Instead, the remittances were being channelled to communities where workers weighed employment options on both sides of the border in terms of pay and in terms of the

6. Guanajuato has one of the oldest traditions of migration to the United States in all of Mexico, with migration beginning before the turn of the 20th century, and only intensifying over time. It now has the second highest level of migration among its active workforce (11.35%) amongst all Mexican states. Additionally, migration has profoundly impacted virtually every corner of the state: about two-thirds of Guanajuatan municipality were classified by the National Population Commission of Mexico as having migration rates that were high or very high, and only 6% of the state's administrative areas were classified as having low migration rates (CONAPO, 2001 in Guanajuato, 2002).

opportunities for career growth they offered, as if those opportunities were all local, almost equally available, definitely equally conceivable. In that context, the local maquilas jobs qualified only a second-rate stop-gap employment, worth the effort for the wage only if one were hard-pressed for income or if one needed to pass the time (interviews, Mi Comunidad manager and maquila managers, Guanajuato July 2003).

Second, migrant remittances never became capital. Even after they were pumped into the maquilas, they never shed their social significance, and migrant investors found themselves caught between the Scylla of efficiency imperatives and the Charybdis of meeting their social obligations to the local community, to relatives and friends. This dilemma eventually transformed the way the Mi Comunidad programme was implemented on the ground: as the programme administrator observed when reflecting back on the experience: “over time, it became a social programme. A way to make people feel more capable” (interview, July 2003). The social dynamics of economic development overwhelmed the economistic model on which Mi Comunidad was based, and the programme’s neglect of the social processes of development – especially the transnational social processes in migration communities – was its undoing.

“*Tres-por-uno*” and negotiating learning

Unlike the Mi Comunidad initiative in Guanajuato, Zacatecas privileged social processes throughout the development of its “*Tres-por-uno*” programme. The matching funds programme in which the federal, state, and municipal government match every dollar that migrants raise for community projects with a dollar of their own (hence the name “*Tres-por-uno*” or “Three-for-one”) was a long time in coming, and took over a decade to evolve into its current form. Now, the programme is at the core of Zacatecas’ myriad formal and informal policies toward its migrants. It has proved extremely popular with emigrants and migration communities in Zacatecas, as well as in the states like Jalisco, Michoacan, and even Guanajuato, all of which began to emulate the initiative in the late 1990s. In 2001, the Fox administration kept its campaign promise to Mexicans living abroad and made the well-liked “*Tres-por-uno*” – or “*Iniciativa Ciudadana*” as it is officially titled – a national initiative, extending it to all the states in the federation.

While Initiative Ciudadana now functions in almost all of Mexico 32 states, the dense web of social relationships and the vital social institutions that the programme generated in Zacatecas and in Zacatecan communities in the United States still remains unparalleled. While this is undoubtedly due in part to the novelty of the programme in most states, it is also due to the fact that the way the programme has generally been applied is quite distinct from the way it has been applied in Zacatecas.⁷ Throughout the programme’s lifespan, the state of Zacatecas has been less concerned with the resources that migrants could contribute to specific community projects through the programme than in the transnational social relationships – and political loyalty – that the projects could foster. Over time, the way the programme has been applied has tethered together multiple distinct places on both sides of the border, weaving them into a cohesive socio-economic space. However, this outcome was neither intentional nor foreseen. The “*Tres-por-uno*” was an emergent policy tool. It grew out of a process of social learning that involved the state, migration groups and migration communities and that, as a result,

7. This conclusion is based on field visits in 2002 and 2003 to several states with a track record of at least three years with a matching funds program, including Guanajuato, Jalisco, and Michoacan. The visits discussions with migrant communities and local and national (SEDESOL) officials implementing the matching-funds program.

became robustly transnational. Over time, the programme was amended to reflect that learning and the knowledge it produced. To understand why, a brief review of the programme's evolution in the state is necessary.

The initiative for Zacatecas' matching funds programme emerged out of a discussion between migrants and the state. Encouraged by colleagues in his campaign committee, newly elected Governor Borrego traveled to Los Angeles in 1986 to meet with leaders of Zacatecan community groups. In that initial encounter as well as those that followed throughout Borrego's administration, the state and migrants discussed ways to collaborate to meet a number of goals the migrants identified. These including strengthening community institutions amongst Zacatecanos abroad, defending their rights as workers, securing better treatment when crossing the border, and organising projects to improve the conditions in their communities of origin, including projects that could generate economic activity. After one of the first of those meetings, the state of Zacatecas began an *ad hoc* programme to match migrant funds one-to-one for community development projects. From the start, the objective to the initiative was two-fold: to draw on migrant resources for the projects the migrants wanted to see completed in their communities of origin, and to generate a relationship of trust between the state government and the migrants.⁸ As the Genero Borrego, governor at the time, recalled that his administration initiated the informal programme to "create a feeling of trust (*darles confianza*); the risk that [the migrants] were running by putting a dollar into a public project, well, I was running that same risk. I wanted them to know that we were in it together" (interview, Borrego, August 2003). Within the first year of the informal arrangement, over a dozen projects were completed in migration communities.

In 1992, the matching-funds programme was formalised and expanded under Borrego's successor, Arturo Romo. Under the new agreement, each dollar that migrants contributed to community projects would be tripled, matched with one dollar from the state government and one dollar from the federal government. In design, the new established "Dos-por-uno" programme that fell into the grooves that the Salinas administration dug so fervently for its National Solidarity Programme, the administration's main strategy for poverty-reduction and political mobilisation at the time. Just like Solidaridad, the programme required that communities organise local committees to contribute funds or labour to every project's execution, but in a slightly different twist on the national initiative, the "Dos-por-uno" also required that those committees be affiliated with a hometown association of Zacatecanos abroad originally from the community. For a brief period from 1993 to 1995, the federal government tried to co-opt Zacatecas' "Dos-por-uno" programme, christening it "Solidaridad Internacional," but due to implementation difficulties and the demise of the Solidaridad programme nationally,⁹ the initiative quickly evaporated (Goldring, 2002). In Zacatecas, however, the programme continued to flourish, with the amount the state invested in the

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8. Many observers of Zacatecas' matching funds programme have argued that it was primarily a tool to generate political patronage and a clientelistic relationship between the PRI and migrants – see Goldring (2002) and Smith, R. (2003) for a more detailed discussion of this view. The argument is valid to a certain extent, but the author believes that the story was more complex than this representation suggests, and that the state was interested in forging relationships with migrant groups for a series of economic and social reasons as well. However, regardless of the political designs of the Borrego administration, and later Romo and Monreal's administrations, in engaging in ongoing conversations with migrants, the transnational social process of learning the conversations generated is what is of interest here.
9. See Cornelius *et al.* (1994) for more information on Mexico's National Solidarity Program.

programme almost quadrupling in three years from a little under 2 million pesos in 1993 to approximately 7 million pesos in 1996 (Secretaria de Planeacion y Finanzas, Zacatecas, no date).

The reason that the matching-funds programme was a success in Zacatecas was that the state and Zacatecan migration communities on both sides of the border built the social infrastructure needed to support it. The state embarked on a concerted effort to organise Zacatecan migrants in cities and towns throughout the United States into hometown associations. The measures the state adopted in this attempt were bold: for example, the Department of Planning sent its “Dos-por-uno” programme director on numerous trips to the United States to contact individual migrants from the same town or village who had settled in a given city. With formal proposals and budgets for community projects in hand, the bureaucrat brought those migrants together into a club (also called “hometown association”) to raise money for those projects and to plan for future ones. Along those same lines, the state also organised and funded at least seventeen visits for municipal presidents to promote the “Dos-por-uno” in American cities where their emigrants worked and lived. The governor certified and met with new federations of Zacatecan hometown associations and maintained strong channels of communications with those that were already well established. (Secretaria de Planeacion y Finanzas, Zacatecas, no date; Moctezuma and Rodríguez, 2002; Interviews, Zacatecas 2003)

The Zacatecan migrant organisations met the state’s overtures with initiatives of their own. For example, the Federacion de Clubes Zacatecanos del Sur de California, the largest and oldest federation of Zacatecan hometown associations, used the “Dos-por-uno” programme as a means to integrate new clubs into the federation. Doing so enabled it to provide the young organisations with the institutional support they needed to become more solid and lasting than many of the temporary “fly-by-night” clubs that have formed and just as quickly dissolved under the now national “Tres-por-uno.” This strategy also endowed the Federation and the clubs it housed with the clout to resist the corporatist designs implicit in the government’s outreach efforts. The Federacion de Clubes Zacatecanos del Sur de California, as well as other federations of Zacatecan clubs in other parts of the United States, was able to maintain enough autonomy so that its negotiations with the state and municipal governments over project choice and implementation remained meaningful (Moctezuma and Rodríguez, 2002; Moctezuma, Interviews 2003; Goldring 2002, Interviews, Guadalupe Gomez, former president of Federacion de Clubes Zacatecanos del Sur de California, 2002-2003). The engagement, discussion, and even frequent conflict between the state and migrant organisations in the context of the “Dos-por-uno” generated a process of social learning: the conversations honed the state responsiveness to migrant needs, and they sharpened the ability of migrant groups to articulate their concerns and advocate for specific policy measures to address them.

Both government and migrant institutions have continued to evolve over the past several years, and in fact, have become increasingly interwoven, so much so that they are sometimes indistinguishable. The controversy that surrounded Ricardo Monreal’s ultimately successful campaign for governor in 1998 served as a catalyst for the proliferation of migrant-related social and state institutions. Monreal defected from the PRI and after running on a platform for political reform, was elected under the PRD banner, thanks in large measure to the support of migrant groups whom he had courted vigorously during his campaign. The candidacy brought tensions in migrant organisations to the surface, many of them simmering disputes over how the “Dos-por-uno” was being managed. Because the rifts revealed by this conflict were viewed as irreconcilable, new migrant organisations were spun off of those already established. A bitter fight within

Federacion de Clubes Zacatecanos del Sur de California, for example, led to the creation of the Frente Civico Zacatecano, a group that would devote itself exclusively to migrant political causes in Mexico and in the US.

In recognition of the role that migrants played in his election, Monreal's administration opened a number of new channels for migrants to participate in state government. The state created a number of formal posts like a cabinet-level position as the state liaison with migrants in Los Angeles. It also opened various informal means for migrants to get involved in state governance, like institutionalising their participation in planning meetings for the matching funds programme, which Monreal upped to "Tres-por-uno," and setting up a regularly updated website on the "Tres-por-uno" activities, complete with quarterly reports, budgets and documentary photos, through which migrants could monitor the progress of their projects.

In addition to the institutions that forged stronger ties between the state and migrant groups, both Zacatecan federations of hometown associations and the state have established robust (if sometimes contentious) working relationships with the Universidad Autonoma de Zacatecas. The migration and development research group at the state university has not only advised migrant groups and the state, but it has also collaborated with them on a variety of political and social projects on both sides of the border. (Goldring, 2002, Moctezuma, Interviews 2003; Garcia Zamora, 2002 and Interviews 2002 and 2003).

This dense web of social institutions spun by Zacatecas' matching funds programme over almost two decades has created a cohesive transnational sphere. Like the warp of a rug, the ties and exchanges between these institutions have woven together places and contexts that are geographically disparate as well as socially, economically and political quite distinct. These ties have made the multiple places in this transnational tapestry intensely local. They have made Los Angeles or North Dallas as locally pertinent to the Zacatecan political scene, for example, as the capitol city of Zacatecas itself; and they have made the social and cultural priorities of migrants in central California as locally relevant to the physical appearance of towns in the municipality of Jerez as the values of local residents who live surrounded by those physical spaces.

Furthermore, in the weaving of this transnational sphere, Zacatecas' matching funds programme – or rather the way that migrants and the state have deployed the programme – has made the knowledge generated and available at multiple different sites very local. It has made knowledge produced and accessible in US contexts just as immediate to Zacatecanos who never left Zacatecas as to the Zacatecanos worked and lived north of the border. For example, the "Tres-por-uno" made the knowledge about the legal and social processes involved in formalising a political mobilisation into a US non-profit or a political action committee just as local and available in the Zacatecan municipality of Jalpa, where a handful of Zacatecan migrant leaders grew up, as in Los Angeles where the largest and most influential Zacatecan non-profits and PACs have set up shop. In addition to many tangible and encodable forms of knowledge, the matching funds programme has made a number of pools of tacit knowledge geographically anchored in multiple sites in Zacatecas and in the US equally local. It has brought knowledge that is difficult, if not impossible, to articulate, but that is "in the air" at a number of dispersed physical places into a single cohesive socio-economic field. The tacit knowledge that the "Tres-por-uno" programme brought into this Zacatecan transnational field has touched on everything from job and production skills to ways to address the specific heartbreaks and dislocations in drug rehabilitation programmes for a sub-section of returning migrants.

Inherently, migration has a tendency to make different forms of knowledge available to the people who move and to the people who stay behind, and fusing them into hybrid identities, cultures, and knowledge. However, two things make the way this dynamic has played out in Zacatecas distinct. First, the social institutions and spaces created through Zacatecan matching funds programme have supported conversations that are on-going and that have brought the knowledge available at multiple different sites into contact, and even contest, on a recurrent and continuing basis. Through their discussions and conflicts, through regular meetings and informal interaction, hometown associations, Zacatecan federations, state and municipal government, the university, and local community groups have created a mosaic of multiple knowledges, but one that is always in progress, continually being rearranged, reconstituted, and extended. Furthermore, the conversations the Zacatecan matching funds programme has supported have been broad enough to hold forms of knowledge that often appeared contradictory, logically unintelligible, or simply unrelated (Piore and Lester, 2004). Because the state and migrant organisation have, from the very start, emphasised the social (and political) relationships that the projects under the matching funds programme could foster over the projects themselves, the conversations have focused on process rather than outcome. The most heated and extensive debates between migrants and the state, for example, have addressed *how* projects are selected for funding rather than the list of projects that are ultimately carried out. The conversations' attention to process has kept them open-ended rather than narrowing them with a restrictive focus on particular task, and it has compelled them to hold the ambiguities and contradictions inherent in social exchanges, even in those produced by the effort to reach a common understanding (Piore and Lester, 2004).

Thanks to their open-ended, on-going character, the conversations amongst and within the social institutions in this policy-induced transnational field have generated a process of social learning. The juxtaposition of multiple knowledges in these conversations has allowed the state, migration communities, migrant political groups, and even the university to make a number of significant conceptual leaps that otherwise might have been inconceivable. For example, at a “Tres-por-uno” plenary session of municipal presidents in April 2003, a representative from the *Federacion de Clubes Zacatecanos del Sur de California* stressed the importance of the matching funds programme to migrant labour mobilisation in the US. His argument was that once Zacatecanos organised into a club to carry out a specific project in their community of origin, they could use that same organisation as a vehicle for collective action in their workplaces. They use the hometown associations to press their US employers for better wages, better conditions, and better training and advancement opportunities. (Given the way migration network and hiring practices intersect, it is not uncommon for migrants from the same community of origin to work in the same industry and even in the same firm).¹⁰ This migrant leader was in effect linking the paving of roads or the beautification of town plazas to migrants' working conditions in the United States. Another example of this type of conceptual leap is the economic development strategy recently proposed by the newly elected major of Jerez, a municipality with a strong migration tradition and a per capita remittance rate that ranks in the top fifth of the state (Padilla, 2002). He suggested that economic development in Zacatecas required investment in the United States: he argued that

10. See Cornelius (1998) for further discussion of this dynamic.

Zacatecan economic growth depended on investment in a network of distributors north of the border for goods produced in the state.¹¹

In the second aspect that makes the Zacatecan experience unique, the state and migrant groups have drawn on those newly understood connections to shape policy. Throughout the matching funds programme, the newly articulated insights have been incorporated into each successive iteration of the programme design. The amendments to the programme have been nuts and bolts, affecting everything from project selection criteria, budgeting procedures and auditing mechanisms, but they have also been procedural and institutional, with both the state and migrant federations not only devoting increasing organisational and human resources to managing projects and to engaging in transnational negotiations but also to actively exploring different political and economic visions for Zacatecan communities on both sides of the border.

Out of a policy to channel migrant remittances, Zacatecas designed a medium for on-going processes of social learning and institutional innovation. However, while the state, in collaboration with migrant groups, has successfully brought to life the social processes on which development depends, it has been slow to apply them to the challenge of generating economic growth. One of the state of Zacatecas' early goals in launching the matching-funds programme was to cultivate synergy between migration and economic development. In this respect, the programme has fallen short of its mandate. The public works that the programme has produced – the churches renovated, the rodeo stadiums built, the plazas landscapes, the sewage and potable water pipes laid, the roads paved, the street lamps installed, the schools renovated – have improved the quality of life in village residents and have had a mild mitigating effect on poverty in migration communities. However, the programme has set only sporadic economic activity in motion, either through direct employment for construction or indirectly through the income generated through the use of the community facilities built under the programme. In many cases, the programme has transformed villages into “mausoleums of nostalgia,” as one observer called them (Garcia Zamora, Interviews 2002 and 2003) – largely abandoned, almost ghost towns because of out-migration, but nevertheless, thanks to the programme, beautiful and equipped with all the basic public infrastructure and services.

Only very recently have the state and migrant groups begun to explore economic development options under the auspices of the “Tres-por-uno.” How suited the matching funds programme may be to income and employment-generating projects is a matter of debate. However, as illustrated here, that debate may be less useful in fostering a relationship between migration and economic growth than a concerted exploration of how to apply the transnational processes of social innovation to the economic development of migration communities.

Conclusion

The experiences of Guanajuato and Zacatecas illustrate two very different policy approaches to channelling migrant remittances toward economic development, based on two very different paradigms of how economic development occurs. The moral of their stories is not to find a happy balance between Guanajuato's market-based strategy and

11. Andres Bermudez, former migrant and major of Jerez in 2004, made this proposal at a conference sponsored by the Mexican National Institute for Migration, entitled “Migracion, Remesas, y Desarrollo in Mexico”, Mexico City, 17 November, 2004.

Zacatecas' emphasis on social processes. Rather, it is to cull the strengths of each strategy and synthesise them into a third approach. It is to combine Guanajuato's vision of the economic dynamism that migration, with all the resources it makes available, can generate in sending communities with a Zacatecan attention to the social processes that lead to economic and social change.

What emerges is a view of economic development that is better tailored to the needs and resources of migration communities. This view has three main implications for the way economic development is considered in migration communities. First, social actors, and the state chief among them, have an important role to play in the elaboration of social processes and institutions that transform the multiple spaces that migration involves into a cohesive transnational socio-economic sphere where multiple sites and types of knowledge become local. Second, those institutions serve the project of economic and social development best when they support inclusive and on-going conversations that bring those multiple knowledges into contact, and where the friction between them spark processes of social learning and institutional innovation. And finally, in order for the creativity that they release to produce economic change, these transnational conversations, with the conceptual leaps to which their transnational character makes them prone, must explicitly wrestle with the problem of how to generate economic growth. Remittances are not just capital, but neither are they only social processes. Supporting transnational social processes of innovation through deliberate policy may very well be migration sending states' best bet for transforming the social and material resources they represent into economic prosperity.

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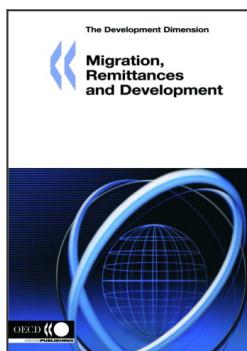
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