

## **Just grand at home with the money from far away: Sara Silver visits Intipuca, the town in El Salvador where nobody has a job but everyone owns a pick-up truck and the houses are like hotels; [LONDON 3RD EDITION]**

SARA SILVER. *Financial Times*. London (UK): Mar 26, 2004. pg. 9

### **Abstract (Summary)**

Intipuca, in the eastern province of La Union, is known as a town where no one works but everyone has a pick-up truck. Some houses are so elaborate they look like hotels, with wrought iron gates and flags hanging from balconies. With half of its 17,000 population living abroad and the other half living off their earnings, Intipuca is a model of how these resources can benefit the home town.

The complexities of migration are perhaps most clearly seen at the road leading into town. "Welcome to the City of Intipuca: The Place to Be!", reads the notice. It is ironic that the town needed to empty itself to become somewhere people would love to be.

### **Full Text (434 words)**

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Billboards on the walls of Intipuca's Dollars 400,000 stadium tell the story of how this small town in El Salvador built so grand a monument.

One advertises the airline that ferries migrants to and from the US; others, the grocery stores and restaurants they opened there. And there are the two banks that send home the remittances - the financial cornerstone on which the stadium was built.

Remittances are the lifeline of the Salvadorean economy, with Dollars 2bn (Euros 1.6bn, Pounds 1.1bn) in annual transfers making up 14 per cent of gross domestic product. Three years ago they helped stabilise the nation after successive earthquakes and a coffee price crash.

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In El Salvador, as in other nations of migrant workers, the money is quickly spent on fast food, name-brand sneakers, kitchen appliances and imported vehicles. But recently the town extended its drinking water supply to four remote villages, repaved another 20 blocks with attractive concrete parquet, and built the stadium and a water treatment plant - making it the first town in the region not to dump raw sewage into the ocean.

Migration to the US started in the 1960s, and accelerated after rebels of the left-wing FMLN guerrilla army took over Intipuca and faced off against government troops for three days. With the town hall in ashes, young men fled, many to the Virginia and Maryland suburbs of Washington, DC.

Intipuca has used its winning combination of municipal financing and overseas contributions to the community foundation to leverage federal development funds, which average 70 per cent of project costs.

The schemes are designed to "channel" remittances - most of which otherwise go towards household consumption - towards more "productive" uses. A recent study by Dean Yang of the University of Michigan showed that children in families receiving remittances were healthier and stayed in school longer, suggesting that the money was indirectly invested in the nation's human capital.

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