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## Return Migration and Social Mobility in Mexico

JACQUELINE MARIA HAGAN AND JOSHUA T. WASSINK

**L**et's begin with a tale of two migrants. Martin grew up in San Miguel de Allende, a small colonial city and popular tourist destination in the heart of Guanajuato state in central Mexico. Although Martin completed only a few years of formal education, he learned from his uncle and father the craft of designing the aluminum star-shaped lampshades for which local artisans are known. By 1995, he was in his early twenties and Mexico was in the throes of its third financial crisis in a decade. Fearful of being unable to find a stable job outside the family business, Martin said good-bye to his wife and three young children and joined the hundreds of thousands of Mexicans who sojourned north each year during the country's great migration of the 1990s and 2000s.

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The US economy was booming, producing a strong demand for foreign workers—particularly in occupations that Americans were gradually abandoning, such as construction, light manufacturing, and low-wage services. Martin easily found an entry-level job in California's commercial construction industry. Impressed by the initiative Martin demonstrated—showing up early and asking about how to do things—his boss gave him more responsibility and increased his wages. During his 11 years working for the same contractor, Martin rose from general laborer to framer, eventually becoming a master carpenter and earning \$100 a day. He sent most of his earnings home to his wife, who used the money to purchase land and pay for their three children's education.

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During his years working in the United States, Martin acquired technical skills through informal learning, observation, and trial and error. He also learned English by watching television and acquired customer-service skills through interactions with coworkers, management, and clients.

When he returned home in 2003 at the age of 40 to reunite with his wife and children, he opened a small sundries store, but it was unsuccessful. Next, using the skills he acquired in the United States, he started his own taxi service catering to English-speaking tourists. When we last visited Martin in 2018, his daily earnings had climbed to \$100–\$200 a day. He had purchased a Toyota Camry and expanded his business, driving English-speaking tourists in San Miguel de Allende to other places where he guides them through historic sites.

Now consider Victor, who was born in an agricultural community with an established history of out-migration to the United States. Not yet having started a family and in search of adventure and opportunity, he migrated without authorization at the age of 18 to join friends in Chicago. Like Martin, Victor had joined Mexico's great migration and easily found work in the booming US construction industry.

For the next 12 years, Victor became part of a circular migration flow between Mexico and the United States, traveling north to work as a carpenter and framer for a spell and then returning home to spend time with family. During those years he worked various jobs typically held by immigrants in the US construction and hospitality industries. Like Martin, Victor moved up from general laborer to foreman, earning \$35 an hour.

In 2012, still relatively young at 32, Victor had his migration career cut short when his mother became ill and he returned home to care for her.

He found little demand for the sophisticated construction skills he had acquired in the United States. Lacking the financial resources to hire someone with such skills, most residents in Victor's rural town built their own homes with techniques learned from family and friends.

Unwilling to leave his parents and community to look for work in a city where his skills might be recognized and rewarded, and with little savings to launch his own business, Victor found an assembly-line job at a General Motors factory an hour away by bus, earning an entry-level wage of 1,500 pesos per week, the equivalent of approximately \$75. When we visited Victor in 2017, he expressed frustration with the monotony of his job and the limited mobility in an industry that has thrived under the flexible rules of the North American Free Trade Agreement (NAFTA).

## HOMeward BOUND

Often referred to as a “nation of emigrants,” Mexico is now experiencing unprecedented return migration. The pull of family, improved economic conditions in Mexico, and increased immigration enforcement in the United States, both at the border and in the interior, has led more and more migrants like Victor and Martin to return home. Between 2005 and 2014, 2.4 million Mexicans returned from the United States, double the figure from the previous decade. In 2017, about 226,000 people were deported from the United States, roughly two-thirds of whom were Mexican.

Net migration between the two countries is now below 0, meaning that more Mexicans leave the United States than enter, preferring to settle back home in Mexico. This is a major change in a historically circular system.

Migration can create new opportunities for Mexican workers who have lived and labored abroad. They can accumulate savings and acquire new technical, social, and language skills that they may then mobilize in the Mexican economy to improve their prospects. Yet as the cases of Victor and Martin show, reintegration into local labor markets is a complex and uneven process that depends on a variety of individual and contextual factors. Ten years of fieldwork—interviewing migrants and observing work sites in Mexico—has shown us how divergent labor market experiences among return migrants result from the mobilization of new resources acquired abroad as well as local economic factors that shape returnees' prospects.

First and foremost, opportunities for economic mobility are shaped by patterns of inequality in highly stratified societies like Mexico. Indeed, most working-class migrants like Victor and Martin left their hometowns in response to limited opportunities there.

Second, migrants' ability to transfer resources acquired abroad when they return depends on the economic and spatial characteristics of their home communities. Urban areas with diverse industrial sectors provide greater opportunities to invest new resources than rural areas.

Third, the types of work that migrants find after returning are frequently determined by the occupations and skills they acquired both before migrating and while abroad. Because women and men generally work in different occupations, their labor market reintegration patterns are often distinct as well.

## NARROWING OPPORTUNITIES

Mexico has a small, well-educated professional class at the top and a much larger class of workers with little schooling at the bottom. The latter are concentrated in the informal labor market, a sector that includes a loose conglomeration of independent workers and small firms that are not formally registered, regulated, or taxed. Workers in this sector have no social security, employer health coverage, or other benefits.

Historically, Mexican workers with little schooling were able to achieve economic mobility in one of two ways. They could form small agricultural and manufacturing businesses, which offered an opportunity to maximize returns on skills that less-educated laborers often accumulated in the home and over years of informal sector work. Or they could rise via occupational mobility, through the ranks, which might lead to higher earnings and promotions. These mobility pathways were protected by Mexico's long-running economic policy of import substitution, which insulated domestic enterprises from large multinational competitors. Throughout the 1960s and 1970s, Mexico experienced robust economic growth under this model, averaging an annual increase of about 6 percent in gross domestic product.

In the 1980s, Mexico began a dramatic move away from import substitution and toward greater global integration and neoliberal economic policies, which culminated in 1994 when NAFTA took effect. This trade agreement ushered in a wave of multinational firms that established manufac-

turing plants throughout Mexico. Exposure to foreign competition undercut domestic entrepreneurs, who were no longer protected by state subsidies. NAFTA also reduced occupational mobility among workers with little schooling, since large manufacturing plants primarily offered low-skilled assembly-line positions with limited opportunities for advancement.

The rapid decline in labor-market mobility for less-educated Mexicans was exacerbated in 1995, when Mexico ended a strategy of currency manipulation and allowed the peso's value to fluctuate on the global market. The inflation rate was 52 percent in 1995, 28 percent in 1996, and remained above 10 percent for the remainder of the 1990s. As the share of good manufacturing jobs eroded and huge multinational assembly plants flattened the occupational structure, real wages entered a free fall.

In an effort to increase economic mobility opportunities among the most disadvantaged, Mexico introduced a series of educational reforms that included the construction of new schools in poor and rural communities. In 1992, the federal government enacted the National Agreement to Modernize Basic Education, which subsidized tuition payments for families with children in lower-secondary school (grades 7–9) and made completion mandatory for all students.

These reforms had unintended consequences. As a growing proportion of Mexican youth from poor to modest backgrounds completed nine years of schooling, matriculation beyond the lower-secondary level became increasingly dependent on parental social class. Without additional help to pay tuition, which is required to enter high school (*la preparatoria*)—including public schools—children of modest means rarely advance beyond the subsidized portion of their education.

Although the reforms extended education for many, they did not ensure an increase in social mobility. As the population's overall educational attainment rose, so did employers' expectations, increasing the credentials required of new employees. Those with some secondary schooling can now qualify for low-wage service jobs or work in one of the many manufacturing plants located in Mexico's expanding industrial parks. Although these jobs offer formal-sector health benefits, pension plans, and some employment stability, they come at the cost of monotonous assembly-line work, low entry wages, and limited opportunities for mobility, as Victor's experience illustrates.

Because of such retrograde conditions, scholars generally view self-employment as the primary upward-mobility pathway available to Mexican workers with little schooling and low levels of social and cultural capital. In the 1990s, even more turned to it in response to the contraction of skilled wage labor.

Successful entrepreneurship among workers with little schooling could disrupt Mexico's entrenched class structure and provide them with increased autonomy and opportunities for higher earnings. However, insufficient savings and inefficient credit markets constrain start-up prospects for most such workers. With limited access to loans, they must set aside a portion of their earnings to accumulate the funds for tools, work space, vehicles, and other necessary capital outlays. These long-term strategies are inherently unstable due to the uncertainty of informal-sector jobs and limited insurance markets for coverage in the event of the kind of unexpected expenses that often destabilize low-income households.

## A GREAT MIGRATION

By the mid-1990s, more and more Mexicans were heading north in response to the rapid deterioration of economic opportunities at home. This exodus would become known as Mexico's great migration. From the mid-1990s through the early 2000s, about 400,000 Mexicans entered the United States each year. The number of Mexicans living in the United States nearly tripled, from 4.3 million in 1990 to 11.7 million in 2010, and more than half were unauthorized.

During this period, the profile of Mexican migrants shifted dramatically. The financial crises of the mid-1990s that punctuated the process of economic liberalization in Mexico not only displaced rural workers who had long sojourned in the United States on a temporary basis; they also uprooted small producers and workers in urban areas, especially those in industries vulnerable to sudden contractions, like construction. For them, the United States offered the promise of high wages and upward mobility.

Like Victor and Martin, many of these new migrants remained firmly embedded in Mexico through transnational ties to family and community. These strong ties, coupled with the Great Recession and increased border and workplace enforcement in the United States, triggered the return process for millions of Mexicans from 2005 to the present day.

A growing body of scholarship on Mexican return migration has found that US work experience is associated with higher odds of both upward and downward occupational mobility and entry into self-employment. In other words, labor-market reintegration is a complex and uneven process for return migrants. We argue that these divergent pathways result from three sets of interrelated factors: the resources that migrants are able to transfer and mobilize in their home communities (human and financial capital); migrants' demographic backgrounds (their gender, life-course stage, and education); and the context of return—that is, whether migrants return home voluntarily or due to formal deportation orders.

### FINDING A FIT FOR SKILLS

Technical skills learned in the United States can open doors to upward occupational mobility in the Mexican labor market, especially in industries like residential and commercial construction and auto repair, where learning takes place informally, on the job, through social interactions with coworkers, close observation, practice, informal mentoring, and trial and error. This is a matter of interpersonal rather than institutional experience.

The ability to transfer these technical skills is largely shaped by the local characteristics of the communities to which migrants return and the gender of the returnees. Because construction and auto repair are thriving industries in the United States and Mexico, considerable experience abroad can be channeled into comparable industries upon return, but location makes a difference. Residents in poor rural communities lack the resources to hire someone with technical skills, opting instead to fix their own cars and build their own homes.

Such skills are more in demand in urban areas with a diverse industrial base and a large pool of customers. In some cities, wealthy Mexican residents and American expatriates will pay a premium for contractors skilled in American-style home design. Likewise, auto repair provides opportunities for migrants to put new technical skills to use. Mexican mechanics traditionally repair broken parts, but Mexican migrants working in US auto shops often learn to diagnose problems with computers and then order replacement parts. When they return, migrants can mobilize these new tech-

nical skills to gain increased responsibility and potentially higher wages.

We have observed that experience working in the US auto industry can also lead to a job in one of the many auto parts and auto manufacturing plants in or near the León-Celaya-Silao corridor, where General Motors, Mazda, Honda, Pirelli, and other foreign companies have operations. Mobility within these companies is difficult without formal education and expensive in-house training. But when migrants with little schooling are able to demonstrate sophisticated skills learned abroad (having acquired some basic knowledge of electrical engineering and diagnostic technologies), and these skills are recognized by employers, they are sometimes given better-paying positions. Because industries like construction and auto repair are male-dominated, such technical skills are most commonly found among male returnees.

Both men and women return with nontechnical skills, including English-language competence and various social skills. In large cities with sizable service sectors, customer-relations and organizational skills are commonly rewarded, and English-speaking staff are paid more or given more responsibility. English-language skills are also

at a premium in large cities that cater to international business travelers or tourists. In urban settings and tourist destinations, return migrants often find work as waiters, retail clerks, taxi drivers, and guides.

There are few opportunities for migrants to apply their English-language skills and customer-service savvy in rural hamlets and small towns. There is simply no demand for services in these local economies. In some cases, we observed that migrants who returned to rural communities subsequently relocated to urban areas where their skills would be in demand.

Take the case of Abela, a woman who migrated to the United States and was a live-in domestic worker in New York City for several years. When we interviewed her in 2010, she told us that she had left her rural hometown for San Miguel de Allende, where she found a job selling furniture to wealthy American expats, earning twice as much as her coworkers who spoke only Spanish. In a subsequent interview, Abela's employer acknowledged his preference for female return migrants in

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retail work because of their command of English and customer-service skills.

## START-UP CAPITAL

Numerous studies have found that return migrants are more likely than non-emigrants to engage in entrepreneurial activities, and that sometimes their micro-enterprises can facilitate local economic development. Savings accumulated abroad are critical to the establishment of new businesses in Mexico, where access to bank loans is limited. Returnees who bring home a few thousand or even a few hundred dollars can start a small business. For migrants like Martin, who financed his taxi service with his US savings, possession of some financial capital is essential to getting a nascent enterprise off the ground.

But savings alone do not guarantee a venture's success. In numerous interviews with self-employed return migrants and work-site observations, we found that the long-term success of a business also relies on the transfer and application of new technical, social, and English-language skills learned abroad. Sometimes these business ventures create new economic niches that can expand possibilities for local development by providing jobs for local residents.

Consider Martin, the taxi driver whose narrative opened our essay. With his English and customer-relations skills he carved out a new niche in the San Miguel de Allende market, which is geared toward expats and tourists. Or consider Miguel, a carpenter who used his savings and carpentry skills acquired in the United States to open a woodworking business specializing in housing and American-style cabinets for return migrants.

Demand for technical, English-language, and customer-service skills is most concentrated in large urban areas with dynamic industrial bases and large, diverse populations. New technical skills give entrepreneurs an edge over local competitors, while diverse domestic and international clienteles value interpersonal and language skills. In rural areas with high poverty rates and small populations, economic activity is largely limited to agricultural production and small-scale manufacturing. In these areas, return migrants can invest anywhere from a few hundred to a few thousand dollars in small manufacturing operations, agricultural enterprises, or modest retail stores, but

opportunities to mobilize new social and technical skills through entrepreneurship, or to play a role in local development, are limited.

## LEFT ON THE MARGINS

Not all Mexican migrants achieve economic mobility when they return home. The same factors that motivate many migrants to travel abroad—long-term marginalization and limited educational attainment—often shape their labor-market experiences upon return.

Unlike their younger peers who traveled abroad in search of new opportunities and experiences, older people with little schooling commonly joined Mexico's great migration in response to decades of low wages and blocked mobility in their home communities. They have lower levels of schooling relative to younger cohorts who benefited from Mexico's educational expansion, and they face discriminatory hiring practices and employer preferences that favor young, physically fit, and more attractive workers.

In the United States, these low-skilled migrants experience little occupational mobility. Most remain in low-skilled gateway jobs as farm laborers or low-wage service workers, finding few opportunities to learn new skills. When they

return to Mexico relatively late in life, with little education and few marketable skills, they commonly resort to what we call "survivalist self-employment," engaging in subsistence enterprises, such as ambulatory food vending, that exist on the fringes of the informal economy and function as a desperate alternative to joblessness. Workers who fail to match their US occupations with Mexican ones are also at a disadvantage, as the case of Victor shows. Unable to transfer construction skills to his small rural hamlet, he was forced into low-wage work in an auto factory an hour from his hometown.

Deportation can also disrupt return migrants' prospects for labor-market reintegration, especially if they have not reached their earnings goals abroad. The United States has a long history of mass deportations, and most of these operations have targeted poor working-class Latino migrants, especially Mexicans. In 2016, for example, Mexicans constituted almost three-fourths of the 340,000 people removed from the United States. For these predominantly male migrants, returning

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*Mexico is now  
experiencing unprecedented  
return migration.*

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home can involve numerous psychological, economic, and social hardships.

Labor-market reintegration can also be hampered if deported migrants are unfavorably received by their host governments, employers, and educational institutions—as is the case in El Salvador, the Dominican Republic, and Jamaica, where they are often criminalized and stigmatized. In Mexico, the government has taken a more neutral stance toward returnees regardless of whether or not they were deported.

Given this neutral reception, deportees adapt to economic conditions over time, our longitudinal research shows. Some, especially younger return migrants, even experience modest to substantial labor-market mobility. Although deportation disrupts financial accumulation abroad, involuntary returnees can still deploy new skills upon return.

## ON THEIR OWN

Today's return migrants are coming home to an evolving economic and political situation in Mexico. The economy has experienced modest but sustained growth since 2010, and by all estimates is projected to continue growing at an average yearly pace of 3 percent through 2020. However, the recovery slowed in 2017 and optimism has given way to uncertainty following the 2016 election of Donald Trump as US president, the renegotiation of NAFTA at Trump's insistence, and Andrés Manuel López Obrador's victory in Mexico's 2018 presidential election.

Much of Mexico's economic gains since 2010 resulted from its neoliberal model of economic development—one that is export-oriented and based on cheap-labor assembly operations run by multinational manufacturing corporations. Under NAFTA, free trade in the region certainly increased. In 2017, the United States received 81 percent of Mexico's exports, including vehicles and auto parts, electrical machinery, plastics, and furniture, among other items.

While US demand for exports propped up the Mexican economy, it has not translated into higher wages or improved working conditions for Mexican workers. This is because enforcement of NAFTA's labor rules and protections was left to the discretion of each country. The future for many of Mexico's low-wage workers, especially those in manufacturing, the country's most dynamic and profitable sector, will depend on the impact of NAFTA's replacement, the United States Mexico

and Canada Trade Agreement (USMCA)—if it is ratified by all three countries—as well as the social welfare policies of Obrador, who took office in December.

The new trade agreement includes enforceable labor reforms in all three countries. Mexico has agreed to enact laws that give workers the right to form genuinely independent unions, and to extend antidiscrimination protections for women. American auto assembly operations in Mexico will have to incorporate more US car parts to escape tariffs, and about 40 percent of those cars must be made by workers earning no less than \$16 an hour—almost four times Mexico's minimum wage for a full day's work. While this provision of the USMCA may boost wages for some Mexicans, it could also reduce employment in manufacturing if corporations decide to relocate some of their production centers from Mexico to the United States and Canada.

Members of Mexico's largest social class—those living and working in poverty—are hopeful that their new president can transform Mexican society. A longtime fixture of the political left and former mayor of Mexico City, Obrador has pledged to end corruption and drug violence, and to increase spending on social programs for the poor. Thus far, however, he appears to be taking a more centrist approach, aiming for a strong private sector and well-regulated free trade with Canada and the United States. Although he was previously critical of NAFTA, Obrador has publicly expressed support for the USMCA. And while he has promised to ensure migrants' safety and to build additional shelters for return migrants in border states, he has yet to detail any policies to support the labor-market reintegration of deportees and others.

Historically, Mexican governmental institutions have played a negligible role in helping migrants rejoin the work force. Instead, they have focused on policies to engage with the diaspora abroad and encourage remittances. Despite a few symbolic efforts to assist today's returnees, the government continues to leave the work of reintegration in the hands of returnees, families, communities, and market forces. For most return migrants, without support from the government and employers, social mobility will depend on their ability to successfully invest the human and financial capital that they accumulate in the United States in strategies such as starting businesses in their local communities. ■