The New Economics of *Return* Labor Migration?:
A Test on the Determinants of Return for Latin Americans in the U.S.

Fernando Riosmena and Douglas S. Massey[ϒ]

(LONG) ABSTRACT

In this paper, we test some of the tenets of the New Economics of Labor Migration (NELM) perspective by comparing the determinants of return for Puerto Rican, Dominican, Nicaraguan, Costa Rican and Mexican migrants in the U.S. Overall, labor migration flows between Latin America and the U.S. seem to conform to the general predictions of the theory. However, socioeconomic conditions, like familial arrangements, credit and capital markets, and migration-specific human and social capital stocks of migrants vary conspicuously (within but especially) across countries in ways that suggest natural degrees of magnitude of adherence to the theory.[1] This study is thus an attempt to find some limits or refinements to it. We know of no *comparative* study of *return* migration that adopts, or tests, this perspective.[2] Nevertheless, a

[ϒ] Fernando Riosmena. Graduate Student, Population Studies Center. University of Pennsylvania. 3718 Locust Walk. Philadelphia, PA. 19104-6298. riosmena@pop.upenn.edu; Douglas S. Massey. Professor of Sociology and Public Affairs, Office of Population Research, Princeton University 239 Wallace Hall, Princeton NJ 08544. dmassey@princeton.edu.

[1] The case of Puerto Rico is especially interesting since these conditions actually contrast remarkably from the NELM stereotype (i.e. Mexico) in –at least- a twofold way. First, while Puerto Ricans acquire U.S. citizenship by virtue of birth, their language, geographical location, and cultural idiosyncrasy have aided them to build a unique Puerto Rican identity, closer to that of the rest of the Caribbean and Latin America than to mainstream U.S. culture (Rivera-Batiz and Santiago 1996). Thus, a migratory trip to the mainland can be considered an international migratory move for most practical terms (Duany 2002: chapter 8). Hence, ceteris paribus, one would expect that the costs of making such a move were dramatically lower for Puerto Ricans than for any other Latin American. Second, also stemming from the island's associate commonwealth status, Puerto Ricans have access to a variety of insurance, credit and capital markets, which are regarded as inexistent or malfunctioning in most other countries of the area.

[2] To some extent, the NELM implicitly considers return migration as a natural (yet non-deterministic) outcome of the migration process, while considers it as endogenous to the likelihood of remitting/saving. However, we have not been able to find a body of explicit theoretical formulations of the process of return migration per se under a 'purely' economic perspective. Consequently, most of the empirical work in this respect, which is mostly related to the quintessential model of the NELM –Mexico-, is found in the demographic (as opposed to the 'purely' economic) literature. We will thereby summarize a general account of the former in the paper.

similar idea has been explored by Sana (2002) regarding remitting behavior of Mexicans, Puerto Ricans and Dominicans.[3]

## DATA AND METHODS

We use comparable data from the Mexican and Latin American Migration Projects (MMP/LAMP). The MMP and LAMP are sister projects stemming from bi-national collaborative research efforts based in Princeton University and the University of Guadalajara, Mexico. Using a flexible survey instrument known as the 'ethnosurvey' (for a description see Massey *et al*. 1987: chapter 2) the projects yield comparable datasets encompassing a wide-ranging multi-level social and demographic data pertaining migration experiences in the United States for various countries of the region.

These data includes labor and migration histories for household heads, as well as pertinent household- and community-level data. We use such retrospective histories to estimate binary logistic regressions predicting the likelihood that a migrant makes a return trip in year *t* controlling for a handful of person-, household and macro-level characteristics in *t-1*. We will supplement the individual-, household-, and community-level data with macro-level measures that reflect the degree of market development and the strength of familial ties, both theory-relevant traits (see hypothesis section below). We estimate separate country/region-specific,[4] Generalized Estimation Equation Models (GEE) that take into account the temporal dependence

[3] Sana (2002) estimates propensities to remit and amounts remitted (taking into account selectivity issues) attempting to explain the remittance gradient between the three countries. He posits that family structure and the degree of market development appear to be useful factors to explain the differences, which are within the theoretical limits of the NELM, but also aid to refine some of its views.

[4] Running models with all migrants may yield more parsimonious models. We will do so only if a majority of the coefficients turn out to be equal across groups; something we do not quite expect to happen (see "hypotheses" section below). However, we may be able to pool the data for some countries within regions (e.g. "Central Americans") if appropriate in terms of model equivalence.

between observations (i.e. person-years) and report empirical (i.e. clustering-adjusted) standard errors.

HYPOTHESES

The main hypotheses proposed in the paper are the following:

- A return move will be more likely to occur in households were the implicit "contractual" agreement between migrant and the rest of the household (to return and/or remit) is stronger. The marital status of a migrant would then be predictive of him/her making a return move, provided that his/her spouse is not in the U.S. More interestingly than merely staying that married migrants are more likely to come back, one would expect that the relative bargaining power of the migrant is lower the higher the educational status of his/her partner (especially 'true' for male migrants).

- At the macro level, the hypothesis stated above will be especially true in institutional settings were such strong contractual agreements tend to be normative to a greater extent. Marriage structures in the Caribbean have conventionally been regarded to conform less to the Western European (or "traditional") notion of marriage than other Latin American societies (e.g. Western Mexico, Costa Rica). Hence, controlling for the presence of the spouse in the U.S. and the spouse's education and labor force participation, the effect of marriage –as a proxy for the strength of the contractual agreement between migrant head and the other members of the household- should be smaller in the Caribbean countries and Nicaragua than in Costa Rica and Mexico.

- People coming from areas with non-existent or malfunctioning capital, insurance and credit markets would thus be more likely to both migrate and return (but with some qualifications, see below). This is so since the migratory move would be used as an investment or insurance strategy (and thus as a means and not an end in itself). Hence, conditional on having made a migratory move, people from such areas will then be more likely to return.

- However, the degree of market development may prove to have some threshold effects. According to Lindstrom (1996), migrants coming from economically dynamic areas are expected to be less likely return at a given year than those coming from economically stagnated ones, since such degree of economic activity would reflect local investment opportunities. Migrants specifically using the move as an investment (as opposed to subsistence) strategy would thus need to stay for longer periods in order to reach the target amount they would bring back home. Nevertheless, one would expect that migrants coming from places with well-functioning markets are less responsive to the economic dynamism of their community of origin, having controlled for community characteristics such as its migration prevalence.

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