A New Social Contract
Social Welfare in an Era of Transnational Migration

BY PEGGY LEVITT

ALMOST EVERY SUNDAY, Boston residents from the small Dominican village of Boca Canasta get together to work on projects aimed at making life better back home. Over the last forty years, they have raised thousands of dollars to build an aqueduct, fix roads and bridges, and renovate the school, community center, and health clinic. Lately, they’ve set their sights on helping community members in Boston. Finding ways to lower high school dropout rates and rising crime is now their focus. Like many immigrants across the United States, they are putting down roots in the place where they’ve moved while continuing to remain active in the economics and politics of their homeland.

A short drive from Boston, in the suburbs of northeastern Massachusetts, a community of immigrants from the villages and small towns of Gujarat State on the west coast of India has settled in affluent new subdivisions. Even as they work, attend school, and build religious congregations locally, these immigrants are also pursuing Gujarati dreams by opening businesses, renovating homes and farms, and building schools and hospitals in India.

Similar stories are unfolding in immigrant neighborhoods all over the country. The streets of Pilsen in Chicago, Washington Heights in New York, or Koreatown in Los Angeles are filled with proof
of the transnational activities of their residents: travel agencies, stores that wire money to relatives back home, phone cards, and homeland food items. This is because people continue to vote, pray, and invest in businesses in the places they come from at the same time that they buy homes, open stores, and join the PTA in the countries where they settle.

In the twenty-first century, more and more people will live their lives across borders and belong to several communities at the same time. Just as money follows opportunity, so labor also moves toward brighter horizons. For some people, this comes easily. They have the education, skills, and social contacts to take advantage of opportunities anywhere. Others are forced into transnational lives because they cannot provide adequately for their families at home or abroad. Either way, today’s migrants are moving in a world of economic crisis, neoliberal restructuring, precarious jobs, and major cutbacks in social welfare.

**Migrant-Powered Economies**

As more people live transnational lives, their hard-won earnings move across borders as well. According to World Bank estimates, in 2010, officially recorded remittances (money sent home by migrants) totaled over $440 billion worldwide. In 2009, remittances equaled more than 10 percent of the Gross Domestic Product (GDP) in twenty-four countries; in nine countries they equaled more than 20 percent of GDP. In countries such as Mexico or Morocco, these contributions are one of the principal sources of foreign currency; their governments, now dependent on these remittances, need to make sure the money keeps flowing.

To keep migrants close, governments institute policies such as tax and investment incentives, allowing dual citizenship, the expatriate vote, or even special immigration lines at the airport. To keep money flowing, they put programs in place that enhance migrants’ contributions to development. The Mexican government, for example, matches every dollar that migrants donate with a dollar from the local, state, and federal government. Some countries even protect and provide for their citizens in the countries they move to. Supporters applaud these as welcome developments because communities that have benefitted from remittances now have the schools, roads, and health clinics that they previously lacked. Critics express fear that poor countries now rely upon migrants to propel development and to provide social services and infrastructure that should be the responsibility of the state.

**The Need for Transnational Social Institutions**

While increasing numbers live transnational lives, they are still served by education, health care, legal, and pension systems that are stubbornly nationally bound. People live across borders, but the social contract between citizen and state is still fulfilled within the boundaries of the nation-state. If we approve a Global Marshall Plan like the one called for by *Tikkun* editor Michael Lerner, it needs to support new kinds of institutions that respond to this new reality. If people grow old and sick across borders, then we need different kinds of health and senior care institutions. If communities develop using resources and skills generated across borders, then we need new kinds of community development strategies. In short, we need to rethink how social welfare is provided and how the social safety net gets spun.

Part of what drives the need for new forms of social protection and provision are the social remittances migrants send back to their countries of origin. Much of the “buzz” around migration focuses on the money migrants send home. But migration also generates social remittances—ideas, practices, skills, and know-how that circulate between people in migrant-sending and migrant-receiving countries—with positive and negative effects. Some migrants import political, organizational, and technical skills that can push politicians to be more honest and make projects and governance run more smoothly and transparently. Some introduce ideas about democracy, gender roles, and inequality that challenge the status quo. But some also introduce ideas that devalue family, deify consumerism, and put the individual before the group. Deportees from the United States often bring back “bad habits” and increase crime and insecurity. Doctors and teachers who work abroad bring back skills that can strengthen institutions serving the middle class but often turn a blind eye to the needs of the poor.

At their core, these dynamics challenge basic assumptions about how and where inequality is produced, family life is lived, and the rights and responsibilities of citizenship are exercised. When people live lives that cross borders, their class status gets produced across borders too. How, for example, do we think about class for the family that lives in government-subsidized housing in the United States or Germany but owns a brand new home back in El Salvador or Turkey? What about the families that cannot pay their rent...
in the United States or Germany because they are sending so much money back home? How about the transnational mothers who care for the young and elderly in Europe and the United States so they can send back money to support their own children? If they retire and return home—unable to take their pensions or health benefits with them—which government will provide for them?

Hints of the Sea Change Ahead

So what new kinds of social protections are emerging and what can we tell about who the winners and losers might be? Not surprisingly, the European Union, already a transnational entity, has the most advanced system of portable benefits, accessible to all EU nationals moving within the European Union. EU members can export their pensions to any country in the world. In general, however, it is the host country that regulates what benefits migrants can access and under what conditions. In the Gulf Cooperation Council countries in the Middle East, migrants have no right to any country in the world. In Australia, while temporary migrants have no right to social welfare benefits, all the more astounding given that, in places like Doha or Dubai, foreign workers make up close to 80 percent of the population. In Australia, while temporary migrants have no immediate access to social security benefits and public health services, they are refunded the contribution they pay once they return home.

Because host countries do not adequately provide and because home countries need their emigrants, more and more migrant-sending states are stepping in. The Mexican Government’s Instituto de los Mexicanos en el Exterior (Institute for Mexicans Abroad) delivers an array of services to help its migrants stay healthy, become educated, learn English, and become integrated into host countries such as the United States. It partners with U.S. school districts to help them place children appropriately so that students stay in school and perform better. It also partners with hospitals, universities, and community-based organizations to provide adult education materials, offer health services at consular offices, and provide financial literacy so that migrants can build credit histories that allow them to qualify for car or home loans.

The Ecuadoran state, with its own Secretaría Nacional del Migrante (National Secretary of Migrants) allowed migrants to vote from overseas for the first time in 2006 and created a “fifth region” composed of Ecuadorians living abroad who elect a representative to the National Assembly. The new constitution, ratified in 2008, dedicates a whole section to the “right to migrate” and declares that “no human being shall be identified, nor regarded as illegal, as a result of their migratory conditions.” But these efforts are neither entirely altruistic nor patriotic. Remittances account for between 6 and 7 percent of GDP and constitute the second most important source of foreign currency after oil revenues, far exceeding development assistance. In the wake of failed structural adjustment policies, economically weak countries such as Ecuador look increasingly to migrants to solve their economic and social woes.

The Philippine government, calling workers’ unequal access to social benefits a case of social injustice, entered into reciprocal portability agreements with other nations to ensure that workers receive benefits wherever they reside. This reflects the Philippine government’s effort to adapt to “a borderless, globalized environment, tailor-fitting legislation and practices to suit particular needs of Filipino workers, both overseas and local, in both private and public sectors.”

These brief examples are the tip of a social change iceberg. They reflect a fundamental shift in the way that social life is organized and in how rights and protections should be provided for. Many people do not live lives within a single nation-state. They belong to several communities at once and embrace multiple allegiances. They earn their living and exercise their political voices across borders, although their ability to do so varies significantly by nationality, gender, and class. They raise children and care for elderly parents across borders, banishing the norm of a spatially unified nuclear family to the dustbin of history. They do this all in the context of an ongoing global economic crisis, in which more and more jobs are insecure, poorly paid, and without benefits. They do this also in a context where migrant-sending states, still unable to provide adequately for their citizens, look to migrants to drive development and growth.

When inequality, education, health, and the ability to raise families and retire are produced across borders, we need a transnational social safety net in response.