

## A New Social Contract

### Deliberations of Employers

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#### Background Note

In recent times, the idea of renewing the Social Contract has gained growing momentum and support. In 2019 the World Development Report of the World Bank proposed a global “New Deal” to address challenges of the changing nature of work and business, building human capital, exclusion and protection with an ultimate objective to ensure social inclusion and reduction of poverty.<sup>1</sup> The New Deal called for the renewal of social contract to develop public goods, services and financing aiming to achieve equality of opportunity and equal chances to attain economic and social well-being.

UN Secretary-General Antonio Guterres, in his Our Common Agenda Report, proposed a New Social Contract based on rebuilding trust in institutions, inclusion, protection and participation, and rethinking the GDP measurement to reflect what matters to people and the planet.<sup>2</sup>

The ILO Director-General Gilbert Hounbo also calls for a New Social Contract to promote social justice.

*My vision for the ILO is anchored in the opening words of the ILO Constitution: ‘whereas universal and lasting peace can be established only if it is based upon social justice’. Progress made in last decades in terms of social justice must be preserved and protected, while the global solutions to new challenges and opportunities must be centred around human, environmental, economic and societal values. In short, a new global social contract is required. – Gilbert Hounbo, ILO DG*

*Now is the time to renew the social contract between Governments and their people and within societies, so as to rebuild trust and embrace a comprehensive vision of human rights. People need to see results reflected in their daily lives. This must include the active and equal participation of women and girls, without whom no meaningful social contract is possible. It should also include updated governance arrangements to deliver better public goods and usher in a new era of universal social protection, health coverage, education, skills, decent work and housing, as well as universal access to the Internet by 2030 as a basic human right. (...)*

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<sup>1</sup> <https://documents1.worldbank.org/curated/en/816281518818814423/pdf/2019-WDR-Report.pdf>

<sup>2</sup> [Common Agenda Report English.pdf \(un.org\)](#)

*A strong social contract anchored in human rights at the national level is the necessary foundation for us to work together. It may not be written down in any single document, but the social contract has profound consequences for people, underpinning their rights and obligations and shaping their life chances. (...)*

*The social contract originates at the subnational and national levels, and its exact architecture is unquestionably up to each society to determine. However, any social contract also has a global dimension. All societies face and are affected by global pressures, while solidarity within countries provides the foundation for our cooperation internationally. I will therefore mobilize the whole United Nations system to assist countries in support of a renewed social contract anchored in human rights. Drawing on the consultations for Our Common Agenda, I see three foundations for a renewed social contract fit for the twenty-first century: (a) trust; (b) inclusion, protection and participation; and (c) measuring and valuing what matters to people and the planet. These ideas are articulated in different ways across societies, regions and cultures, but the international community has generated consensus on them through the United Nations by enshrining core principles, such as solidarity, respect for human rights, accountability and equality. The 2030 Agenda gives practical expression to these principles through its commitment to leave no one behind.*

António Guterres – UN SG

The concept of a social contract emerged in the 17th century as the root idea of democratic governance and as an analytical construct that defines the relationship between the state and the citizens and promotes collective interests as opposed to the interests of one or few. Locke, Hobbes, and later Rousseau developed this idea to articulate a form of political arrangement and the societal relationship through rules and laws between individual and collective interests represented by government institutions. This was particularly important to secure the foundation of a free market based on respect for property rights.

The ILO DG Gilbert Houngbo plans to focus in his first report to the International Labour Conference on the idea of the New Social Contract. It can be also assumed as certain that the idea of a New Social Contract will play a key role in the preparation of the UN Social Summit, which will take place in the summer 2025.

Thus, it is important for the global employers' community to position itself to the idea and to provide early input into the development of the ILO / UN concept of a New Social Contract.

The International Trade Union Confederation (ITUC) has already put its understanding of a New Social Contract forward. The building blocks of a New Social Contract for the ITUC are:

1. Investments in decent climate-friendly jobs with just transition.
2. Respect for labour rights and implementation of a labour protection floor.
3. Minimum living wages and equal pay policies.

4. Universal access to social protection through the support of a Global Social Protection Fund.
5. Promotion of greater levels of equality and an end to discrimination.
6. An inclusive development model and inclusive multilateralism based on social dialogue.

According to ITUC, funding for the priorities of the New Social Contract should be ensured through:

- An increase in official development assistance (ODA) to a 0.7% commitment.
- A transparent and multilateral debt relief architecture, with debt restructuring and cancellations.
- Stronger multilateral coordination on taxation to tackle tax evasion, tax avoidance and illicit financial flows.
- An increased ambition for the reallocation of special drawing rights.
- The alignment of all investments with SDGs.

The purpose of the attached paper is to develop the Employers' definition and understanding of the idea of a New Social Contract to influence proactively the debate.

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Considerable challenges have emerged on the path to social justice over the past two decades. Among them, the failure to fully translate the digital dividend into decent work and higher productivity, an improved environment for sustainable enterprises and sustained and inclusive economic growth; widespread and entrenched informality, compromising more than 60 per cent of the global workforce; and threats from climate change to lives, livelihoods, economic systems, and global labour markets.

In the face of such challenges, too many governments have failed to sufficiently strengthen governance systems, address corruption, and improve access to essential public services such as health, education, and social protection. Human rights are not implemented and enforced on the ground and are, in many instances, willingly violated. Access to remedy remains limited.

Against this background, the idea of a New Social Contract has received growing attention and support.

#### **The Employers vision of a New Social Contract**

The Employers share the analysis that the failures of many societies to deliver on people's expectations for security and opportunity have undermined trust in political and economic systems and led to social polarisation and radicalisation. The Employers agree that stronger leadership and determined action are necessary to make public goods delivery mechanisms and governance institutions effective and accountable and to strengthen dialogue and participation in governance. The Employers support a "New Social Contract" that avoids politicization and commits governments and international institutions to strengthen their efforts and impacts to improve lives and livelihoods, increase social inclusion, rebuild trust and to better meet the needs and aspirations of all segments of society through more effective and efficient public policies, services and governance and legal certainty.

Particularly in view of recent multiple crises, governments and the multilateral systems must show stronger leadership and respond resolutely to the challenges individuals, societies, and economies face to rebuild trust in public institutions, democracy and the rule of law. A "New Social Contract" can decisively contribute to more prosperous, peaceful and stable societies. While the calls to renew Social Contract are launched globally, its impact will be at the country level. Therefore, the national determination and definition of the New Social Contract are key to its relevance and acceptance.

The New Social Contract should provide a consensus on the conditions needed to build individuals' capabilities fundamental to attain economic and social well-being, contribute to the society, and benefit from development.

## Building Blocks of the New Social Contract

The New Social Contract should be anchored in the Sustainable Development Goals of the Agenda 2030 and should be based on the recognition that labour is not a commodity, that the private sector is the main driver of economic growth and the principal source of job creation as well as on the right to property and an economic system that promotes free enterprise and is fair and beneficial to both business, workers and society. The New Social Contract should be closely linked to the ILO's values and constitutional mandate, aligned with the ILO Centenary Declaration and be based on the following **eleven building blocks for government and multilateral actions**:

1. More effective and efficient public policies, services and governance and increased efforts to combat corruption.
2. Comprehensive strategies to tackle informality and promote the transition to the formal economy.
3. Strengthen promotion, protection, and respect for internationally recognised human rights, particularly all five categories of the Fundamental Principles and Rights at Work. Access to remedy is thereby not only a human right per se, but also key for ensuring the full enjoyment of all other human rights.
4. Better access and provision of essential services, particularly social protection, health, quality education in line with labour market needs, water and sanitation, energy and (digital) infrastructure.
5. Effective use of social dialogue and tripartism and social dialogue institutions to promote trust, improve decision making and build social stability, peace, and security.
6. Labour market frameworks that are open, dynamic, inclusive and give access to a variety of forms of employment to offer decent employment opportunities, particularly for marginalised population groups.
7. Promote labour market participation through effective activation and lifelong learning policies that empowers business and workers to adopt to changes in societies, economies and labour markets. In doing so, ensure relevant social partners are included in its governance and implementation.
8. Holistic strategy for Sustainable Enterprises and productivity growth at micro, meso and national level that offers opportunities to build social capital, decent work, and improved working conditions and ensure a level playing field for all companies.
9. Determine action to combat climate change and facilitate just transitions of companies, workers, and societies to a low-carbon economy.
10. Enhance international solidarity that addresses imbalances and inequality between countries and ensures that the weakest and least developed nations get the support needed to meet the needs of their societies.
11. Bolster multilateralism that promotes cooperation among and between states, and ensures collective responses to global challenges that fully include and respect social partners and social dialogue.

### **Next Steps**

The Employers agree that the ILO should assume a lead role in the definition of the New Social Contract and request that the Office should hold extensive consultations in the run-up to the ILC 2023. The concept of the New Social Contract could be the basis for an engagement at the UN Social Summit 2025 and the underlying framework of the Global Social Justice Coalition.

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