

# A New Social Contract

## Crisis >> Recovery >> Resilience

The world is facing a massive depression at a time when in too many countries the social contract has been broken, leaving workers without a floor of rights, social protection or decent work. And too many governments have either failed to act or have directly attacked labour rights, wages and conditions.

The world is facing a convergence of crises, yet global institutions established to underpin and reinforce rights, equality, inclusive growth and global stability are at their most fractured. They need to be reinforced and refocused on responding to the needs of people and the planet.

The WHO has proved itself a necessity in the global response to COVID-19 but even so, science must be the basis of managing health risks and ensuring universal access to treatment, without political compromise.

The WTO presides over a global model of trade that has failed both people and their environment.

And the Bretton Woods institutions have strayed far from their mandates by promoting neoliberal structural reform and austerity, the interests of dominant countries and corporate greed. This must change.

The ILO, with its unique tripartite system, is as necessary today as it was when it gave birth to the social contract. But its constituents will need to be as committed to a global floor of rights and shared prosperity as its founders were in 1919, and as was reaffirmed in the Declaration of Philadelphia in 1944.

When 60% of the global workforce are in the informal sector, with no rights, no minimum wage and no social protection, and when precarious work afflicts up to 40% of those in formal employment, then the social contract is in tatters. Decent work for all workers must be the foundation for recovery plans. And financing the Sustainable Development Goals (SDGs) remains the best framework for resilience, which includes decent work, public services, social protection, equality and climate justice.

### **THE GLOBAL ECONOMIC MODEL HAS FAILED WORKING PEOPLE AND THEIR FAMILIES**

Even before the COVID-19 pandemic, massive inequality – income, racial injustice and gender discrimination – was already driving an age of anger with civil unrest and distrust in democracy. Along with the destruction resulting from extreme weather events due to climate change, the risks to economies and societies were already clear. Added to that, we face the choices associated with the best and worst impacts of technology, devoid of a rights base.

With COVID-19, the health crisis is now fuelling economic disruption and unemployment on a scale that was unimaginable just months ago.

### **BUSINESS AS USUAL IS NOT ACCEPTABLE**

We must design a recovery that rebuilds the social contract between government and societies with the foundations of resilience to withstand further shocks. This can only succeed if people and the planet are on equal footing with the economy.

The global trade union movement is calling on governments to put in place recovery and resilience plans which include the following:

### **Jobs, secure employment, rights, safety, social protection**

- Job protection and job creation.
- Income protection, minimum living wages and basic income for those in the informal economy, for the sick and for the unemployed.
- The universal right to freedom of association and collective bargaining.
- Occupational health and safety, including global standards and provisions for safe workplaces, as a fundamental right.

### **Equality and inclusion**

- Equal economic participation of women, all racial groups, migrant workers and young workers and protection for all from discrimination.
- Universal Social Protection to build resilience, including for workers in informal work.
- Adequately funded universal public health, education and care.
- Just Transitions for climate and technology.

### **Regulating economic power**

Public/state support to businesses must come with conditionality. These conditions should also be embedded in government procurement contracts:

- No use of tax havens or shareholder buybacks.
- Fundamental rights including freedom of association and the right to bargain collectively.
- Minimum living wages.
- Occupational health and safety guarantees.
- Mandated due diligence for human rights and environmental standards.
- Social dialogue and Just Transition measures agreed with workers and their unions.

This will require national and global financing for recovery and resilience that can only be delivered and sustained with the rebuilding of trust in democracies and massive reform of multi-lateralism.

### **Financing the recovery must not be at the expense of workers or Public Services**

Recovery requires significant investments in jobs: jobs in infrastructure; industry policy for climate transition; public health, education and care; public transport; and development and repair of eco-systems and sustainable agriculture, as well as digital connectivity for all.

But is also requires global solidarity to ensure that vulnerable countries have the fiscal space and the direct financial support to shape a better future for everyone.

## **Solidarity**

- An extension of debt relief for the poorest and most vulnerable countries to two years, with the only conditionality being investment in the SDGs.
- Agreement on a broader scope for Special Drawing Rights with liquidity swaps for development aligned with the SDGs.
- A global social protection fund with a five-year guarantee for the poorest countries to avoid destitution, build jobs and ensure resilience.

## **Stimulus measures for jobs and Just Transition**

- Deep and sustained stimulus measures are required, and this will require a targeted medium- to long-term approach to investment married with a medium- to long-term approach to debt.
- It will also take repair and renovation of taxation systems to enable investment for jobs in public services and industry, with industry policy for inclusive and sustainable development.
- Taxation measures are needed that establish a minimum corporate tax threshold and eliminate tax havens and illicit trade flows; along with this, new mechanisms are also needed, including the long overdue financial transactions tax, a digital tax and a wealth tax.
- And the elimination of corruption with a trusted rule of law is essential.

These measures will require reform and regulation of the ratings agencies, a review of the mandates for the International Financial Institutions to ensure development and social rights and inclusion and also review of central bank mandates to end the dissonance between price stability and the crucial responsibility for employment and climate action.

Action on this framework for recovery – a recovery that builds resilience and aligns people and planet with the economy – is vital. Only then can trust in democracy be rebuilt and pave the way for a new social contract.

Unions will organise to climate- and employment-proof workplaces, and national trade union federations will campaign for governments to maintain and improve on advances made for workers and their families during the crisis phase of the pandemic and build on these for jobs, wages and social protection. Internationally the ITUC and TUAC will work for reform of multi-lateralism, global coherence and solidarity and new or strengthened global rules and standards.

**→ DEMOCRACIES FOR PEOPLE – PROGRESSIVE AND INCLUSIVE**

**→ A NEW SOCIAL CONTRACT**

**→ CLIMATE- AND EMPLOYMENT-PROOF OUR WORK WITH JUST TRANSITION**