



## Research Paper

# Social Contracts: Embracing a Just Technological and Energy Transition

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## About the Author

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## About the Grand Challenge

Inequality and exclusion are among the most pressing political issues of our age. They are on the rise and the anger felt by citizens towards elites perceived to be out-of-touch constitutes a potent political force. Policymakers and the public are clamouring for a set of policy options that can arrest and reverse this trend. [The Grand Challenge on Inequality and Exclusion](#) seeks to identify practical and politically viable solutions to meet the targets on equitable and inclusive societies in the Sustainable Development Goals. Our goal is for national governments, intergovernmental bodies, multilateral organizations, and civil society groups to increase commitments and adopt solutions for equality and inclusion.

The Grand Challenge is an initiative of the Pathfinders, a multi-stakeholder partnership that brings together 36 member states, international organizations, civil society, and the private sector to accelerate delivery of the SDG targets for peace, justice and inclusion. Pathfinders is hosted at [New York University's Center on International Cooperation](#).



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Pathfinders for Peaceful, Just and Inclusive Societies, Social Contracts: Embracing a Just Technological and Energy Transition (New York: Center on International Cooperation, 2021), available at <https://www.sdg16.plus>.

Budget 2021. Canada. Photo credit: Solar energy farm in Manaus, Brazil. Photo: Raphael Alves / Flickr User: [IMF Photo](#). Retrieved from <https://www.flickr.com/photos/imfphoto/51143604524/>, (CC BY-NC-ND 2.0)



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# 1. Introduction

Social contracts determine what is to be provided and by whom.<sup>1</sup> In democracies political processes determine these outcomes, with the extent to which individuals, communities, cities, businesses, governments, and other actors and institutions provide education, health, security, infrastructure, and justice to shape what comes to be understood as the social contract. Whether prevailing social contracts produce desirable consequences, such as human rights, individual freedom, self-determination, human development, prosperity, and equality reflects their efficacy.<sup>2</sup> What is considered an effective contract in the US or Europe, may however be viewed very differently in China, with the priorities and norms associated with shaping social contracts, as well as the means to achieve them, varying from country to country and over time.

This paper shows that many existing social contracts are inadequate and require renewal to overcome countries' failures to address the needs of the majority of their citizens. New pressures on societies arising from the pace of change associated with the technological and energy revolutions have created an urgent need to build new social contracts which ensure that no one is left behind. This need has been made all the more urgent by the COVID-19 pandemic, which has shown the extent to which large parts of society—informal sector workers, uninsured self-employed, unemployed, migrants, and others—have fallen by the wayside due to outdated or non-existent social contracts.

Establishing secure and comprehensive social contracts is not synonymous with the establishment of a welfare state, as this is only one way to secure effective social contracts. How welfare states adapt to meet the new technological and energy transition, and which other models may serve to build effective social contracts is a key question.

## 2. Why Do We Need to Renew and Strengthen Social Contracts?

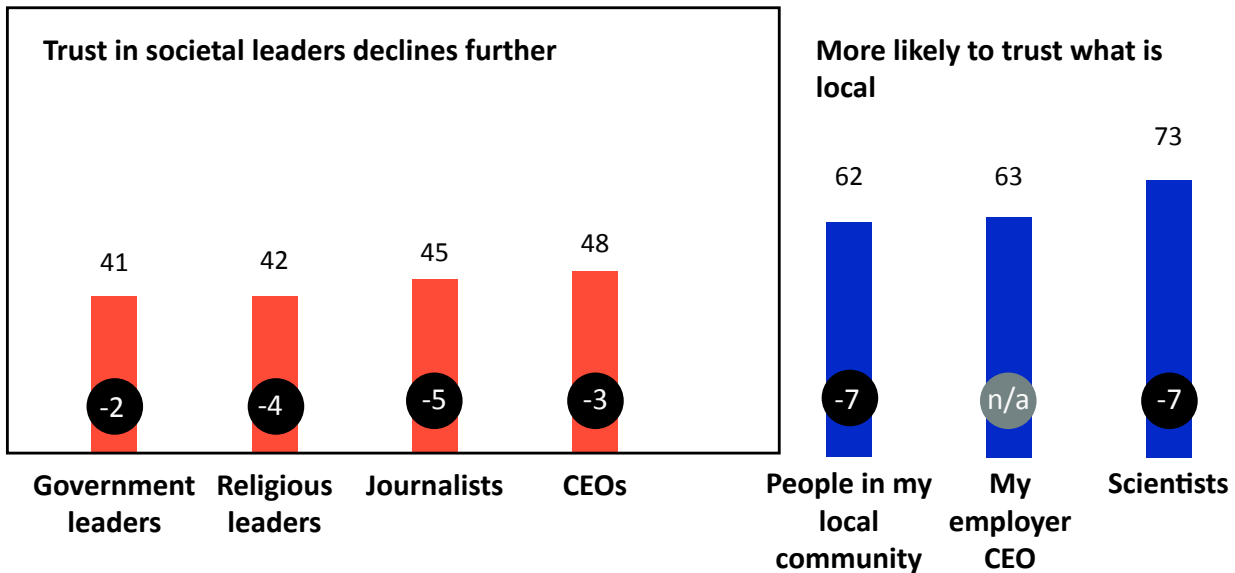
The idea of a social contract dates to ancient Athens. In its most basic form, it outlines that state rule is legitimized by citizens autonomously entering into a contract with each other. What we expect of each other evolves over time, as our capabilities and those of institutions develop. The growing awareness of historical injustice, structural discrimination, and the highly uneven outcomes experienced by different members of society, and people in different countries, has highlighted the importance of social contracts. So too has our awareness of our dependence on others during the pandemic, including to protect one another through wearing masks, to respect lockdown rules, and for essential workers to undertake their often-risky tasks, or for individuals to be vaccinated.

What we owe others and expect from them has become a daily question around the world. This is what social contracts are about. That they are failing is reflected in the 2021 Edelman Trust Barometer, which points to declining trust in societies. We rely on each other and institutions more than ever, but the more distant they are from us the less we feel that they are meeting our expectations (See Figure 1).



Figure 1: Trust in societal leaders is low and declining, and although local leaders and scientists are trusted, this also has declined during the pandemic<sup>3</sup>

## Percent Trust



As the Pathfinders have noted, inequality and exclusion are strongly related to trust, both between citizens and groups, and between citizens and states. Social contracts, or bargains which rebuild trust are urgently required. This is impossible unless different groups in society share the view that they have a stake in the future. This requires a focus on socio-economic outcomes which are seen to be fair. Young people have a particular stake in a just energy transition and ensuring that societies in the future provide work on clean energy systems and provide digital connectivity and access to all. Respect and recognition of diversity is also essential, including gender, both majority and minority ethnic and religious groups, as well as the disabled, the elderly, and the youth.

Inequality undermines social cohesion, trust and makes social contracts more difficult to attain. And yet, achieving a social contract becomes more vital the greater the level of tension and rifts in society. Globally, societies are becoming more unequal. Even before the COVID-19 pandemic revealed and exacerbated inequalities, the world's richest one per cent had accumulated 82 per cent of the wealth.<sup>4</sup> This growing inequality has dramatic consequences for physical and mental health, for economies and for politics.

The combination of stagnating incomes and austerity has meant that in the first two decades of this millennium a growing share of individuals has had to pay for health care services out of their own pockets, as compared to two decades ago (See Figure 2).<sup>5</sup>

There are many ways to depict the grossly inequitable distribution of resources and opportunities within and between societies. These include income distribution (See Figures 3a, 3b), life expectancy (See Figure 4), social mobility, forced migration due to climate change (See Figure 5), and conflict, as well as discrimination in the job and housing market (See Figure 6).

**Inequalities interact and compound each other over time and in geographical locations. Overcoming them requires first and foremost a social contract, along with a commitment to everyone in our societies globally that we owe them something. This is a decent, secure, and fulfilling life.**



Governments around the world have signed up to the Sustainable Development Goals (SDGs). This is a global social contract that now needs to be translated into actions which address the multiple dimensions of progress that are required. These include addressing poverty (SDG1), climate change (SDG2, SDG6, SDG7, SDG11, SDG12, SDG13, SDG14, SDG15), discrimination based on gender and race (SDG5, SDG10), closing the economic and social divide, improving housing, healthcare (SDG3), and education systems (SDG4), tackling the technological transformation, dwindling job security—gig and informal work—(SDG8), fake news, and protecting people’s individual freedoms (SDG16).

The SDGs go beyond GDP to provide a multi-layered dashboard which focuses on the quality of life and well-being. At the global level, this is a contract between the international agencies and donor governments. Over 200 governments committed to the Millennium and Sustainable Development Goals. At the national level, the SDGs are a social contract between governments and their people. Long before the pandemic, most governments and international agencies were failing to live up to their promises. The challenge now is to ensure that these contracts are implemented and not further derailed by the COVID-19 pandemic.

**Figure 2: Globally, financial protection against out-of-pocket health spending decreased continuously between 2000 and 2015<sup>6</sup>**

Percentage of the population (SDG indicator 3.8.2) with out-of-pocket health spending exceeding 10% or 25% of the household budget

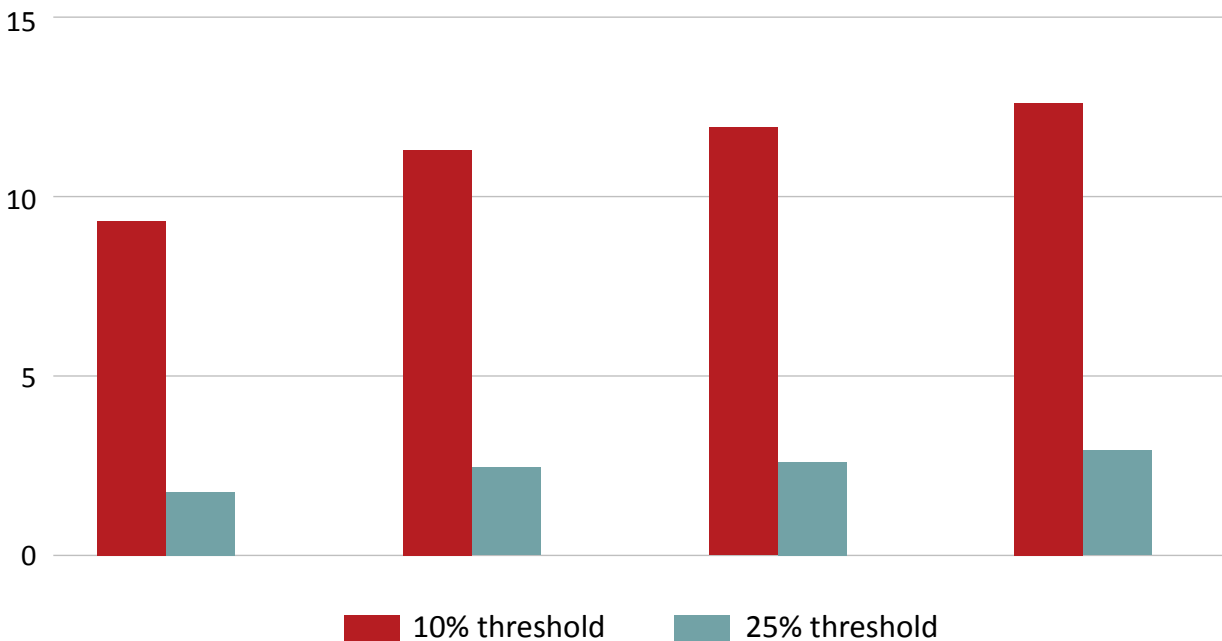




Figure 3a: Number of people by income and region, 2017. Each cube is 100 million people, colored by region. Income Dollars per day<sup>7</sup>

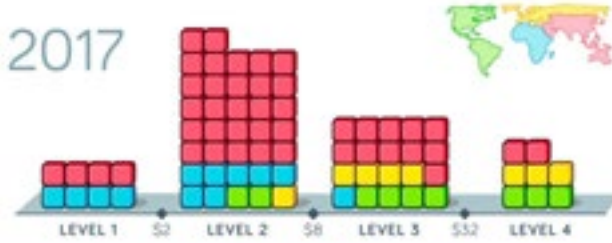


Figure 3b: Number of people by income and region, 2040. Each cube is 100 million people, colored by region. Income Dollars per day. Assuming that current trends continue, this is what the world might look like in 2040<sup>8</sup>

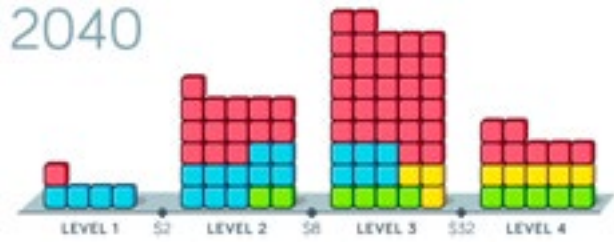


Figure 4: Average lifespans and incomes<sup>9</sup>



Figure 5: Mapping the impacts of climate change<sup>10</sup>

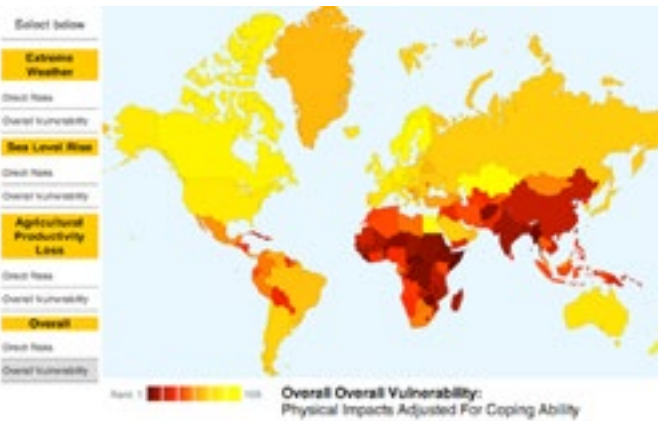
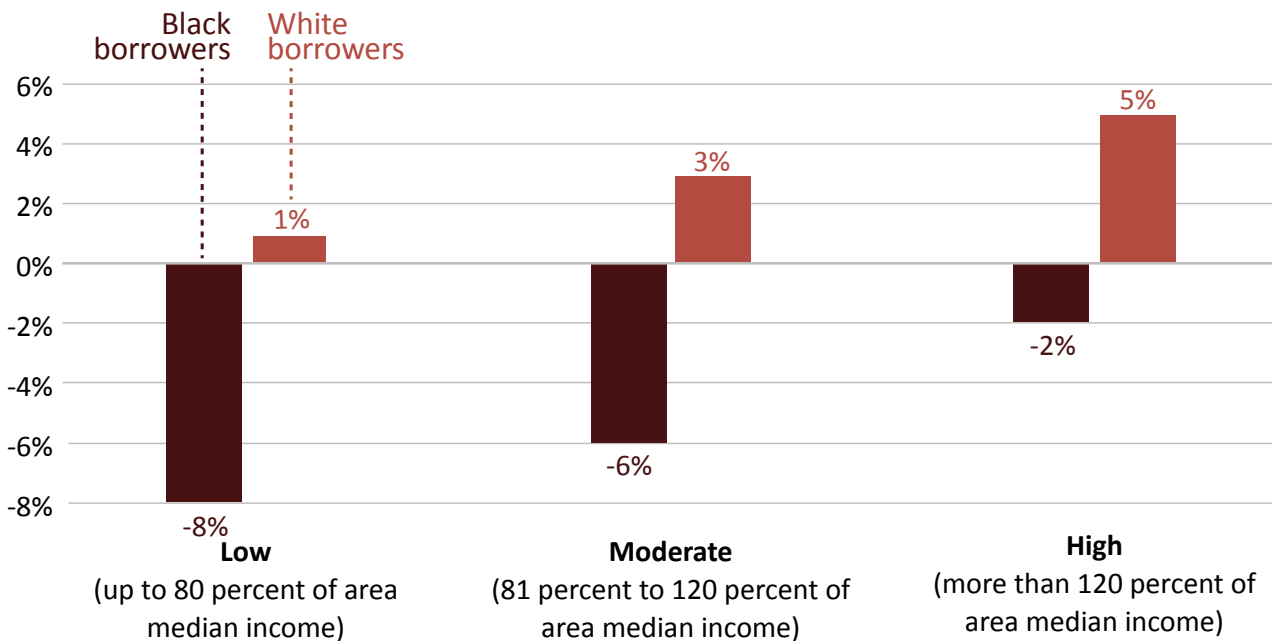


Figure 6: Median percentage change in home price index (HPI) among black and white borrowers, by borrower income level (2006-2017), showing how asset values reinforce racial disparities at all income levels<sup>11</sup>







### 3. Case Studies

This section highlights three prominent examples of governments that have shifted their measures of economic success to better capture sustainable growth and societal well-being.

#### Bhutan

Bhutan since the early 1970s has been pioneering a broader understanding of economic progress, establishing Gross National Happiness (GNH) as an alternative measurement to GDP, in line with Buddhist spiritual values.<sup>12</sup> Its constitution enshrines that “the state shall strive to promote those conditions that will enable the pursuit of Gross National Happiness”.<sup>13</sup> The four pillars of its social contract are the preservation and promotion of cultural values, sustainable and equitable socio-economic development, good governance, and the conservation of the natural.<sup>14</sup> To this end, Bhutan preserves 60 per cent of its land under forest cover.<sup>15</sup>

In 2010, the following nine domains and their respective indicators were developed, to ensure that sustainable development gives equal importance to non-economic aspects of well-being, taking a holistic approach towards notions of progress.<sup>16</sup>

**Figure 7: Bhutan’s HPI domains and their respective indicators, as outlined in its constitution<sup>18</sup>**

DOMAIN	INDICATORS
Psychological well-being	Life satisfaction, positive emotions, negative emotions, spirituality
Standard of living	Assets, housing, household income per capita
Good governance	Government performance, fundamental rights, services, political participation
Health	Mental health, self-reported health status, healthy days, disability
Education	Literacy, schooling, knowledge, and value
Community vitality	Donations (time and money), community relationships, family, safety
Cultural diversity and resilience	Speak native language, cultural participation, artistic skills, and Driglam Namzha (social etiquette)
Time use	Work and sleep
Ecological diversity and resilience	Ecological issues, responsibility towards environment, wildlife damage (rural), urbanization issues

By 2017, this commitment to broad based, sustainable, and inclusive growth meant that less than 4 per cent of Bhutanese lived in poverty when measured on a multidimensional assessment (See Figure 8).<sup>17</sup> The remaining pockets of poverty were predominantly rural in subsistence farming. Eco-tourism has become a major income earner and the COVID-19 crisis is expected to have led to a small increase in poverty in 2020, which although setting the country back, is nothing as bad as the setback in other developing countries.





Figure 8: Bhutan’s Multidimensional Poverty Measures<sup>22</sup>

Distribution among groups: 2017	Lower Middle income line(%)		Relative group (%)		Multidimensional Poverty Measures: 2017	(% of population)
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	98	2	13	87	<b>Monetary poverty (Consumption)</b>	
Rural population	83	17	53	47	Daily consumption less than US\$1.90 per person	1.5
Males	88	12	40	60		
Females	88	12	40	60	<b>Education</b>	
0 to 14 years old	87	13	43	57	At least one school-aged child is not enrolled in school	4.1
15 to 64 years old	89	11	38	62	No adult has completed primary education	40.8
65 and older	84	16	49	51		
Without education (16+)	85	15	48	52	<b>Access to basic infrastructure</b>	
Primary education (16+)	89	11	38	62	No access to limited-standard drinking water	0.4
Secondary education (16+)	94	6	25	75	No access to limited-standard sanitation	14.3
Tertiary/post-secondary education (16+)	98	2	10	90	No access to electricity	1.9

Source: World Bank using BLSS/SARMD/GMD

Source: World Bank using BLSS/SARMD/GMD

## Iceland

Iceland in 2019 joined the Wellbeing Economy Alliance, a network of countries, organizations, and individuals developing frameworks to move beyond GDP as the dominant measure of economic success. By doing so Iceland aims to further promote political transparency and social cohesion, as outlined in its recently amended constitution. Iceland’s revised constitution provides the foundation for the country’s societal renewal that commenced with Iceland’s financial collapse in 2008 and mounting pressures coming from the “pots and pans” revolution.<sup>19</sup> The commitment to a broad social contract, which goes beyond fragile indicators of economic growth is reflected in Iceland’s adoption of thirty-nine well-being indicators (See Figure 9) that include social, economic, and environmental dimensions and which are linked to the SDGs.

The COVID-19 pandemic underpinned the need to put citizen’s well-being in the center of economic agenda setting. It also has highlighted the wisdom in diversifying the economy, since foreign tourism and international travel, which were severely curtailed, accounted for almost a fifth of GDP. The government of Iceland has recognized that it needs to boost skills across the population to improve resilience, find new drivers of productivity and employment growth, and simultaneously reduce carbon emissions.<sup>20</sup> In 2020, a program to boost public investment and build low-carbon infrastructure was launched. To cushion the impact of reduced growth income tax rates for low-income earners were also reduced.<sup>21</sup>

While many of the policies which Iceland has adopted are evident elsewhere, the fact that they are rooted in a national conversation which gave rise to the revision of the constitution and that all parts of society are bound together in terms of the breadth and depth of the vision, allow it to be envisaged as a new social contract. This creates a set of mutual expectations of government and society which were not evident before the financial crisis, which was seen to arise due to the predatory accumulation of wealth and power of a small elite within society. The fact that this made the economy particularly vulnerable to the global financial crisis, revealing and exacerbating stark fissures in the relatively small Icelandic population of 350,000 people (which is not much bigger than my hometown Oxford) and led to the search for a new model. This provides an example of a country where a crisis precipitated a new social contract, and demonstrates how this has helped build resilience for the current health crisis and its subsequent economic shocks.




**Figure 9: Iceland's well-being indicators<sup>23</sup>**

<b>SOCIETY</b>	<b>ENVIRONMENT</b>	<b>ECONOMY</b>
<b>Health</b> <ul style="list-style-type: none"> <li>- Life expectancy (SDG 3.4)</li> <li>- Healthy life years (SDG 3.4)</li> <li>- Unmet need for healthcare (SDG 3.8)</li> <li>- Mental health (SDG 3.4)</li> </ul>	<b>Air Quality and Climate</b> <ul style="list-style-type: none"> <li>- Particulate matter (SDG 11.6)</li> <li>- Greenhouse gas emissions (SDG 13.2)</li> </ul>	<b>Economic Conditions</b> <ul style="list-style-type: none"> <li>- GDP and economic growth (SDG 8.1)</li> <li>- Inflation (SDG 8.1)</li> <li>- Purchasing power (SDG 8)</li> <li>- Household debt (SDG 8)</li> <li>- Public sector, private sector, and household debt (SDG 8)</li> </ul>
<b>Education</b> <ul style="list-style-type: none"> <li>- Level of education (SDG 4.1, SDG 4.5)</li> <li>- Dropout from secondary school (SDG 4.3)</li> <li>- Lifelong learning (SDG 4.4)</li> </ul>	<b>Land use</b> <ul style="list-style-type: none"> <li>- Progress in land reclamation (SDG 15.1, SDG 15.2, SDG 15.3)</li> <li>- Protected areas (SDG 15.4, SDG 15.9)</li> </ul>	<b>Employment</b> <ul style="list-style-type: none"> <li>- Employment rate (SDG 8.5)</li> <li>- Unemployment (SDG 8.5)</li> <li>- Not in education, employment, or training (NEET) (SDG 8.6)</li> <li>- Job satisfaction (SDG 8)</li> </ul>
<b>Social Capital</b> <ul style="list-style-type: none"> <li>- Voter turnout (SDG 16.6)</li> <li>- Social support (SDG 3)</li> <li>- Former volunteer activities (SDG 10.2)</li> <li>- Trust in others (SDG 16)</li> <li>- Trust in political system (SDG 16.6, SDG 16.7, SDG 16.10)</li> </ul>	<b>Energy</b> <ul style="list-style-type: none"> <li>- Ratio of renewable energy in total energy consumption (SDG 7.2, SDG 7.3)</li> </ul>	<b>Housing</b> <ul style="list-style-type: none"> <li>- Housing cost overburden (SDG 11.1)</li> <li>- Quality of housing (SDG 11.1)</li> </ul>
<b>Security</b> <ul style="list-style-type: none"> <li>- Feeling safe after dark (SDG 16.1)</li> <li>- Crime victimization (SDG 6.1)</li> </ul>	<b>Waste and Recycling</b> <ul style="list-style-type: none"> <li>- Quantity of municipal solid waste (SDG 6.3, SDG 12.3)</li> <li>- Recycling rate of municipal solid waste (SDG 11.6, SDG 12.5)</li> </ul>	<b>Incomes</b> <ul style="list-style-type: none"> <li>- At risk of poverty (SDG 12, SDG 10.1)</li> <li>- Persistent poverty (SDG 1.2)</li> <li>- Material and social deprivation (SDG 1.2)</li> <li>- Equality (Gini-Index) (SDG 10.1, SDG 10.3)</li> </ul>
<b>Work-Life Balance</b> <ul style="list-style-type: none"> <li>- Long working hours (SDG 5.4)</li> <li>- Working during unsocial hours (SDG 5.4)</li> <li>- Multiple jobs (SDG 5.4)</li> </ul>		



## European Union

The EUR 1.8 trillion European Green Deal which was agreed upon in 2020 aims to support the transition to zero carbon in the 27-country block. Its overarching objective is to generate a new social contract reconnecting citizens to one another, their natural surroundings, and the EU. The plan has many novel dimensions, including job creation, the decoupling of economic growth from the use of fossil fuels, and addressing inequality by ensuring that no person and no place in the European Union is left behind.<sup>24</sup> The ambitious agenda is talked about in Brussels, where the EU Commission is based, as a new social contract. However, whether this bold new vision translates into a comprehensive set of policies and a new set of mutual expectations within the nation states of the EU, and between them and the Commission, remains to be seen. There are many reasons why this could prove a challenge, including the lack of political control that Brussels exercises over the diverse nation states and the relatively modest resources which it can offer to implement the Green Deal, relative to national budgets.

The European Green Deal's action plan encompasses nine policy areas which aim to incentivize both public and private sector investments which lead to job creation, waste reduction, and better use of natural resources. These are:

1. Biodiversity;
2. From farm to fork;
3. Sustainable agriculture;
4. Clean energy;
5. Sustainable industry;
6. Building and renovating;
7. Sustainable mobility;
8. Eliminating pollution;
9. Climate action.





## 4. Towards New Social Contracts

The more people there are, with higher incomes, the more interdependent we become. This interdependence is both the source of our strength and dynamism, and also our vulnerability. The COVID-19 pandemic has laid bare the extent to which the risks that people face anywhere face us all. It has highlighted the need to create a new system of risk sharing, which recognizes that the risks we face fall disproportionately on those least able to respond to them, be they from climate, health, economic, or other disasters. However, by understanding this we have the power to reduce systemic risks, and to ensure that we build societies where everyone is provided for.

The pace of technological change is radically transforming the nature of work and threatens hundreds of millions of jobs globally. The uneven distribution of the benefits and gains will increase inequality. The rapid growth in online sales and digital connectivity during the pandemic has brought immense wealth to some businesses and individuals. Meanwhile essential workers have been put at risk and those in hospitality and other industries have lost their incomes. Without a social contract which ensures that those who lose out are protected from the precipice of declining incomes, health, and education, there is a real risk of rising populism and a backlash which breeds nationalism and protectionism. This would further undermine social contracts within countries and globally and increases risks. A vision of a world of shared prosperity and less risk requires the strengthening of social contracts.

The climate emergency compounds risks, as individuals and communities around the world face unprecedented dislocation due to rising ocean levels, droughts, floods, extreme weather, and collapsing nutrition and livelihoods. How societies and the global community respond will be a defining feature of our world for generations to come. The scale of this global dislocation, whether it is from fires and droughts in California or Australia, or the inundation of coastal cities such as Dhaka and existential crisis facing people living in the Sahel demands new national and global social contracts.

Within countries the framing of objectives in a manner which goes beyond GDP is vital, to create a more rounded approach to well-being which accounts for the breadth and depth of progress, as well as of resilience. In recent years Bhutan, Finland, Iceland, New Zealand, Scotland, and Wales have made significant progress in reorienting their budgets in this manner. Much can be learnt from their experiences.

Developing countries face much greater constraints, as has become brutally evident during the pandemic. The lack of fiscal space in many developing countries means that they are in a vice-like grip of the international credit agencies and institutions which prevents them increasing their expenditure if this means they have to take on further debt. While rich countries have been able to find USD 17 trillion (10-20 per cent of their GDP) to cushion the impact of the pandemic and invest in a green transition and jobs, low-income countries have been able to secure far less than 1 per cent of this (1 per cent of their GDP) to respond to the crisis. The question of social contracts cannot therefore be separated from questions of international solidarity, debt relief, aid, and the role of international organizations, including credit rating agencies. These agencies threaten low- and middle-income countries who take on more debt with a downgrading, which would increase the cost of their debt and further reduce their access to more funds.

The Millennium Development Goals (MDGs), as noted above, were a compact between rich and developing countries which in 2000 promised higher levels of support for development to achieve a widely recognized set of eight goals by 2015. The MDGs were then replaced by the Sustainable Development Goals, with a wider set of 17 Goals, covering human and environmental objectives to be achieved by 2030. At the global level the MDGs and SDGs represent an unprecedented compact to achieve shared ambitions. They recognize both the mutuality of obligations as well the universality of common objectives. Even before the pandemic many of these goals were unlikely to be achieved for reasons which relate both to the failure of rich countries to honor their commitments and due to governance and other failures in many developing countries. The pandemic has further derailed the SDGs, and without a massive effort to reassert the importance of this compact, it unlikely to be achieved.



In addition to living up to the commitments they have made at repeated UN MDG and SDG meetings, the G7 and G20 need to honor the commitments made in Paris to provide USD 100 billion to developing countries to help with their climate transition. As the rich countries account for the bulk of the stock of greenhouse gases, it is right that they assist the countries that will suffer most from climate change and who now need to find a different energy path to that which has been at the heart of the development trajectory of the now-rich countries. Similar solidarity is required on the global distribution of vaccines, and on development assistance.

The range of those who would benefit from a new social contract is large and diverse, which means that constructing political alliances to support them should be possible.<sup>25</sup> For example, individuals are prepared to pay higher taxes if they see that these provide better health or education and contribute to a safer and more sustainable society. We pay pensions and insurance premiums because we are reducing the future risks we face. Extending this logic more widely to cover those that are not covered and to ensure that we are better prepared to endure the energy, technological, health and other shocks to come is now required.

## 5. Policy Recommendations for a Just Transition

According to Nobel Prize-winning economist Joseph Stiglitz, the 2008 global financial crisis was the ultimate illustration of how deficient the commonly used metric of GDP is. Measuring a country's production in goods and services fails to capture multiple phenomena shaping modern societies, such as climate change, growing inequality, and the digital transformation, as well as the increased fragility of the financial system that caused the last financial crisis. Across OECD member states, since the 1980s the rate of income growth for households in the top 10 per cent has been nearly four times greater than for those in the bottom 10 percent. With over half of middle-income households reporting difficulties making ends meet, the need for governments to rethink growth has never been more urgent.<sup>26</sup>

A new social contract within societies including a commitment, which enables young and old people to live in dignity, ensures women have the same prospects and opportunities as men, and protects the marginalized, is needed. Over the coming years a growing number of countries—including the USA, South Korea, and in the EU—will be exploring green new deals and what this will mean in terms of jobs, growth, climate justice, health, and well-being.

In light of the above, governments need to prioritize policies that protect the most vulnerable, build trust, and rebuild the social fabric and trust within our COVID-19 ravaged societies. Investments and their outcomes should be purpose-driven, sustainable, strategic, and inclusive. Social contracts which focus on two overarching outcomes would provide a visionary guide:

1. Fair socio-economic outcomes: building a just, green, and digital transition, which gives hope and a brighter future, particularly for young people; and
2. Respect and recognition of diversity: across genders, ethnicities, and geographies.

In order to achieve these overarching objectives, persistent income polarization and wage stagnation need to be addressed. By amending the terms and conditions of fragile employment relations, such as informal, gig, or alternative work, setting a decent minimum wage, and providing transition support, the creation of a more resilient and dynamic labor market can be supported.<sup>27</sup>

A more capable and supportive state requires higher and stable sources of revenue and to this end ensuring that multinational enterprises and wealthy individuals pay their fair share is vital for societal well-being, with the aging of populations increasing this need.

A deep rethinking of social safety nets and the role of market-driven incentives is required to tackle the growing savings and retirement problem. As young people have less access than previous post-WWII generations to well-paid, stable employment, affordable housing, the responsibility on governments and the



rest of society to them is greater. In Britain and in the USA, the generation that sacrificed so much in WWII returned to transformed countries. In the USA, the GI Bill created a system of education, of health, of employment generation, of social security, and cheap loans for housing and other needs. In the UK, the National Health Service, affordable housing, free secondary and tertiary education, and above all a commitment to full employment was embedded in the Beveridge Report which provided the basis for the welfare state. This embodied a deep cradle to grave commitment of governments to all members of society. Through the promotion of trade unions, of working peoples' clubs, and a wide range of community and national organization a system of mutual support was created, which placed community rather than individualism at the heart of society. It is this sense of community and solidarity which has been destroyed by the rampant free market ideas which from the 1970s have come to dominate governments and become imbued in the popular consciousness and behavior.

Developing a social contract requires reversing the cult of the individual and placing a greater emphasis on shared prosperity and inclusion. It is essential that decent work opportunities are available for all, regardless of gender, ethnicity, religious background, and age. Automation, climate change, and other factors are exercising a profound impact on labor markets which, require new perspectives on the employment transition. Greater investments in education, housing, transport, and other means to increase job mobility and allow individuals to go to where new jobs are being created will be an essential element of any social contract. Delivering a new social contract cannot be achieved by the state and international agencies alone. Since the 2019 US Business Roundtable effort to reframe corporate purpose beyond shareholder value, there has been a ratcheting up of interest from the global business community in corporate social responsibility. This has provided an important window of opportunity for governments to partner with the business community to create a common agenda and to ensure that capital and talent are directed to the right opportunities. Civil society institutions—including trade unions, advocacy groups, and other non-governmental organizations—must also be brought to the table to ensure a diverse range of voices are heard, and to build on the grassroots energy of major social movements (such as #MeToo, Fridays for Future, Extinction Rebellion, and Black Lives Matter). Finally, citizens themselves must play an active role in shaping the society they want to see emerge from this pandemic. Ongoing civic engagement will be key to reversing the low and declining levels of trust in societal leaders. Leaders of state, business, and civic institutions should actively encourage citizens to re-engage in the political process, ensuring that they uphold the promises they make to the community.

## 6. Conclusion

**B**uilding a social contract is not easy. However, as WWII teaches us, crises do create an enormous opportunity for progress. While a comprehensive and costly package of measures to build trust and overcome terrible socio-economic and political divisions cannot be achieved overnight, by starting with a few quick wins trust can be built. The pandemic has shattered the economic orthodoxy and given governments the power to act. This now needs to be used to rebuild from the bottom up, focusing on those most in need and historically disadvantaged individuals and communities.

The COVID-19 pandemic has shown how our intertwined societies spread both opportunities and dangerous risks, revealing and increasing inequalities.<sup>28</sup> The pandemic has created a once-in-a-generation opportunity to think afresh and to ensure that we do not bounce back to our old operating systems, which have created a riskier and more unequal world. Developing new social contracts would enable governments to engage in citizen assemblies and other conversations to reframe the objectives of society towards more equitable and inclusive outcomes. By creating equal opportunities for all, policy makers will be able to rebuild trust.

The economic costs of the pandemic have fallen most heavily on those least able to bear them. The effectiveness of governments around the world has been tested, and the desire for change is widespread.<sup>29</sup> Around the world, there is a call for a more equal distribution of opportunities, incomes and access to government services and for greener, healthier and more just societies.<sup>30</sup>

**Social contracts identify what we owe and expect of each other, at the individual, societal and global level. This paper recommends that now is the time for them to be the focus of renewed attention.**







## Endnotes

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