

Why a new social contract is urgent?

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Today, multilateralism and the vital instruments and processes that aim to ensure peace and common security are under existential threat, while the world faces converging crises – armed conflict including the current Russian aggression against Ukraine, massive inequality, climate change, erosion of democracy and threats to public health, with the prospect of unregulated technologies exacerbating division and exclusion.

Implementation of the new social contract is fundamental to addressing these challenges, to build an economy which is resilient, sustainable, equitable and humane. Without this, the situation will only worsen, undermining the possibilities for shared prosperity and for peace.

The International Trade Union Confederation (ITUC) adopted, at its 5th World Congress (Melbourne, November 2022), a policy and action statement that defines six key workers' demands on which the new social contract is based (ITUC n.d. a). These are:

- ▶ jobs
- ▶ rights
- ▶ wages
- ▶ social protection
- ▶ equality
- ▶ inclusion.

The need for each of these demands to be met is evident.

The results of the 2022 ITUC Global Poll of adults in 17 countries (ITUC n.d. b) provided a stark insight into the challenges that working people are facing:

- ▶ 66 per cent are worried about people losing jobs;
- ▶ 55 per cent are worried about the weakening of labour laws;
- ▶ 53 per cent say rates of violence in the world of work have increased;
- ▶ 13 per cent do not have enough money for essentials like housing, food and electricity;
- ▶ 72 per cent think the minimum wage is not enough to live a decent life;
- ▶ 87 per cent support affordable access to healthcare, but 67 per cent worry about the capacity of healthcare systems to cope;
- ▶ 66 per cent are worried about inequality in earnings and opportunities between men and women;
- ▶ 69 per cent believe the economic system favours the wealthy.

These results are due to the multi-year trend of deterioration in respect for workers' rights in every region, revealed in the ITUC Global Rights Index and highlighted again in the Index findings in 2023 (ITUC 2023).

In the Member States of the Organisation for Economic Co-operation and Development, just 40 per cent of people say they have trust in their governments while, more broadly, the United Nations (UN) points to economic insecurity as a key driver of mistrust in governments (UNDESA 2021).

Establishing trust in governments and other institutions is essential to overcoming the gulf between perceived national interests and common security which is prevalent today (Olof Palme International Center, International Peace Bureau and International Trade Union Confederation 2022).

Trust cannot be established where economic insecurity is widespread. This, along with the evident need for economic and social justice for all, was why the 5th ITUC World Congress had the new social contract as its central theme.

The overarching framework of the policy adopted at the Congress is the quest for a democratic and peaceful world. Within that, it provides for action on three intersecting global challenges: the climate emergency, public health, and technology.

The climate emergency

Climate change is accelerating, destroying lives and livelihoods, generating extreme weather events, annihilating habitats and creating additional risks to health. Urgent action in this area is therefore at the heart of the new social contract.

As global heating continues, deficiencies in laws and regulations governing work in hot conditions are becoming more evident, as is the need for solutions. In too many places, occupational health and safety and other applicable laws do not offer the necessary protections, and in some places they are being weakened or removed altogether.

On current trends, the world will struggle to keep the global temperature increase under 1.5°C, with devastating effects. Many countries are failing to meet their pledges under the Paris Agreement of the UN Framework Convention on Climate Change; and the least wealthy countries, home to many of the people most vulnerable to climate change, are deprived of the resources and the international solidarity needed to make and fulfil adequate commitments. Trade unions have moved the agenda with progress on just transition, negotiating the decarbonization of industries and cities while ensuring that decent jobs are created in the transformation.

Fulfilling the climate agenda within the new social contract means trade union action for just transition across a range of areas, including but not limited to:

- ▶ engaging workers and their communities in awareness-raising and action;
- ▶ holding governments to account for ambitious national action to meet global targets, to cut emissions, move to renewables and invest in mitigation, including holding governments to account internationally for loss and damage in less wealthy countries;

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- ▶ creating frameworks for just transition with social dialogue, organizing and collective bargaining to decarbonize production and services at the sectoral, enterprise and workplace levels;
- ▶ tackling energy poverty through rapid upscaling of renewables and efficient transmission grids;
- ▶ campaigning for jobs-rich action to restore biodiversity, reverse deforestation, promote recycling and address increasing water scarcity;
- ▶ challenging and overcoming the reliance by many governments on neoliberal climate and energy policies, which are tied to privatization and commodification.

Public health

The statement adopted by the 4th ITUC World Congress in Copenhagen in 2018 warned of the “omnipresent threat” of pandemics, which tragically became a reality with the emergence of the SARS-CoV-2 virus at the end of 2019. The resulting pandemic of coronavirus disease (COVID-19) took hold in a world unprepared and under-resourced. Warnings from scientists over many years were largely ignored by governments, which were focused on the short term and unwilling to reverse decades of attacks on public services, deregulation, underfunding and privatization, including corporate capture of health and care. The result has been a global catastrophe, with millions losing their lives, many more falling ill and hundreds of millions of jobs destroyed. Whole sectors of the economy have been severely impacted. The most vulnerable have been hit hardest of all, with the economic impacts falling in heavy disproportion on women.

Along with inadequate investment in health and care, legal, political and economic factors denied, and continue to deny, billions of people timely access to vaccines, tests and treatments. Millions of lives were lost which could have been saved, and crucial lessons from the initial waves of COVID-19 and from other transmissible diseases have not been acted upon.

Transmission of the virus in workplaces including – but not confined to – schools, public transport and entertainment venues remains significant, even though the World Health Organization has declared that COVID-19 is no longer a public health emergency of international concern. Some governments have recognized this by including COVID-19 as an occupational disease, and renewed focus on occupational health and safety, now classified as a fundamental right by the ILO, will have important positive consequences.

The virus remains a leading cause of an overall decline in life expectancy globally, and remains one of the top causes of death. Its long-term effects are keeping millions of people out of work and will constitute a major additional burden on health and care services which are already overstretched.

The ITUC Congress Statement sets out a series of trade union demands for public health, which form the basis for action. In summary, these are:

- ▶ investing in health and care (ITUC research shows the positive social and economic impacts of this) (ITUC n.d. c);
- ▶ removing barriers to, and ensuring investment in, the availability of vaccines, tests and treatments in less wealthy countries, as well as investment in public scientific research everywhere;
- ▶ ensuring safe and healthy work and paid sick leave, and including COVID-19 and other diseases that spread in workplaces in compensation schemes;
- ▶ countering disinformation on public health issues;
- ▶ recognizing the central importance of all six pillars of the new social contract along with the UN Sustainable Development Goals (SDGs), including those on water, sanitation and habitat, as crucial to ensuring public health.

Technology

Trade unions have long negotiated, bargained and delivered collective agreements around the introduction of new technology, maximizing benefits for workers, minimizing negative impacts and ensuring that the economic gains from technology are shared. This crucial role of unions has been steadily undermined over several years. Nowhere is this more evident than in the technology sector itself, where a small number of oligarchs have extracted colossal fortunes – much of which is untaxed. At the same time, nearly half of the world's population does not have access to quality and affordable internet services.

Historically, technical advancement has been a net creator of employment and of huge benefit to humanity – ensuring that this remains the case in the future depends on the rules governing control of data, the right to privacy, organizing and collective bargaining rights and lifelong learning.

A just transition and digital rights for workers in managing the disruption of technological change are important today and will only increase in importance in the future. Where the introduction of technology is negotiated with unions, not only are the interests of workers protected but more efficient and effective deployment of the technology is also achieved. For technological change to serve the common good, governments must design and implement regulatory frameworks that ensure access to technology for all and reinforce fundamental ILO standards and other internationally recognized human rights in a rapidly changing world. People must have the right to own and control data about themselves, just as they must have the right to have control over their own bodies. Central to this is the distinction between people's private data, official data such as that legitimately required for government records, and data which people choose to share with others.

With increasing provision of government services by digital means, lack of access to digital technology deprives many, in particular in the informal economy, of access to vital government services and support.

The ILO Centenary Declaration provides that “all workers should enjoy adequate protection in accordance with the Decent Work Agenda, taking into account:

- i. respect for their fundamental rights;
- ii. an adequate minimum wage, statutory or negotiated;
- iii. maximum limits on working time; and
- iv. safety and health at work”.

The application of this “labour protection floor”, as the ITUC terms it, to all workers (i.e. regardless of their employment status), provides a foundation for harnessing the positive potential of technology, avoiding negative impacts and ensuring that the economic benefits are shared equitably.

The Centenary Declaration also recognizes the centrality of lifelong learning as technological changes take place, to enable workers to develop skills and competencies as enterprises and labour markets evolve. Trade unions must be involved in the governance and, where they wish, the delivery of lifelong learning.

The increasing development and deployment of innovations such as large language models/deep learning algorithms (sometimes called “artificial intelligence”, e.g. ChatGPT) create the need for regulatory and governance standards and mechanisms that specifically address the substantial risks, as well as the potential for even greater concentration of corporate wealth and power. This requires the establishment of principles which ensure legal responsibility of those who design and deploy these models for negative impacts. These principles need to include workers’ rights to timely information and consultation, mechanisms for social dialogue, the full application of freedom of association and collective bargaining rights, and protection from discrimination, including in hiring, appraisal and dismissal.

Unions themselves need to further develop the translation of policies and principles on technology into practical guidance for union negotiators to help them obtain the best outcomes in collective bargaining and social dialogue. This needs to include scaled-up sharing of good practice and model clauses for agreements.

The challenges for unions in shaping and harnessing technology at work are multiple and will continue to change. The promise of the ILO Centenary Declaration can be turned into a reality, through campaigning, advocacy, negotiating and organizational development of unions to realize the agenda set out in the Declaration.

Responsibilities of governments, employers and unions

The ILO's tripartite constituents all have responsibilities in making the new social contract a reality. For trade unions, this means carrying on with their daily work of organizing, collective bargaining, advocacy and other forms of action and developing approaches to tackle emerging challenges. For employers, it means ensuring, as a minimum, respect for the fundamental rights at work throughout their value chains, in line with the UN Guiding Principles on Business and Human Rights, as well as engaging in dialogue with unions, including for just transition, and ensuring that their workplaces are free of discrimination, violence and harassment. For governments, it means ensuring that ILO standards are ratified and enforced, acting on the six key workers' demands, and ensuring through progressive taxation that financing is available and deployed for climate action, social protection, public health and other needs identified as key to the new social contract.

For the ILO itself, it means taking a central place in the international architecture including on finance and trade. This is not only the responsibility of the International Labour Office, but also of ILO Member States, which need to fully respect their ILO obligations and to end the policy incoherence that too often results in international financial institutions' and World Trade Organization (WTO) decisions contradicting and undermining ILO standards and processes.

Further information on each of the six key workers' demands in the new social contract is shown below.

Jobs

The effects of the COVID-19 pandemic destroyed more than 250 million jobs worldwide and worsened the extent of underemployment in many countries. Even before the pandemic, governments were showing little commitment to full employment as a central policy objective. In order to reach full employment, 575 million new jobs need to be created.

Existing jobs are becoming more precarious, the gender jobs gap is wide and many millions of young people have no possibility of finding a decent job. Some 2 billion workers are trapped in informal employment. Formalizing these jobs must be a key objective of governments, with the support of international institutions, in particular the ILO.

To deliver on these targets, governments must engage with unions through social dialogue to develop national jobs plans for climate-friendly jobs with just transition, and to monitor and ensure their implementation. There must be a particular focus on public-sector-led investment in health and care and on infrastructure that contributes both to net-zero carbon and to climate resilience.

Public investment in employment creation and creation of decent and secure jobs in both the public and private sectors in turn generates further economic growth and more jobs. Alongside this, industry policy is returning to centre-stage in public debates and must provide a foundation for national jobs plans and development.

To achieve full employment, governments require fiscal space, with support and incentives from the international financial institutions for macroeconomic policies that generate jobs that take advantage of the newest technology.

Some governments have performed well in retaining and generating decent jobs, and the lessons from these experiences need to be analysed and applied elsewhere.

Delivering the new social contract requires governments to establish full employment as a core policy priority, with:

- ▶ development of national jobs plans, based on social dialogue, to create employment and contribute to the global target of 565 million new jobs; they should give priority to public-sector-led investment in health, care and climate-friendly infrastructure and include job retention measures with appropriate social protection;
- ▶ formalization of informal jobs;
- ▶ effective deployment of technology to support job creation, in particular to meet the global challenges which affect every country;
- ▶ investment in lifelong learning;
- ▶ provision of multilateral cooperation with debt relief and, where relevant, debt elimination, investment and cooperation on taxation to enable countries to invest in job creation.

Rights

Attacks on basic rights around the world are eroding democracy and accountability, stoking division and populism and weakening the very foundations of societies. The collective power of union organizing and solidarity are the most potent counterforce against these trends, especially where governments fail to meet their primary obligation to protect all human rights and ensure they are respected.

A strong and authoritative ILO, ensuring that international labour standards are ratified and respected, is central to the realization of workers' rights and thus the new social contract.

Along with this, the new social contract is built on:

- ▶ ensuring organizing and bargaining rights for all workers;
- ▶ organizing for occupational health and safety as a fundamental right, along with organizing and bargaining rights and protection from discrimination and forced and child labour;

- ▶ defending the right to strike, inherent in the ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87);
- ▶ campaigning for other key ILO instruments including, but not limited to, those concerning violence and harassment, domestic workers and indigenous workers;
- ▶ standing up to political forces which deny and remove rights, including conservative extremism, fascism, racism and other forms of intolerance and division;
- ▶ working to ensure corporate supply chain accountability, including a new ILO convention to address standards and governance gaps in global supply chains;
- ▶ reversing the trend towards “platform work”, which allows employers to evade their responsibilities to workers;
- ▶ universal application of the protections contained in the ILO Centenary Declaration, defined by the ITUC as the “labour protection floor”;
- ▶ ensuring finalization of a strong UN treaty on business and human rights;
- ▶ ending trade and investment provisions that hinder government action to protect rights and promoting procurement and related policies that support rights;
- ▶ promoting union organizing to build workers’ power, also covering migrant workers, refugees and other marginalized workers;
- ▶ ensuring that competition and related laws and regulations break up concentrated corporate power in technology-mediated and other sectors.

Wages

Reversing the decline in labour income share and ensuring that all workers are paid decently and in line with their skills, education and responsibilities are issues of fundamental importance to the social contract. Unions around the world are campaigning for wage justice, and international solidarity in support of those struggles is vital.

The new social contract means:

- ▶ governments fulfilling their obligation to promote collective bargaining, as provided for in the ILO Right to Organise and Collective Bargaining Convention, 1949 (No. 98);
- ▶ ensuring a living minimum wage for all workers, without exemptions;
- ▶ closing the gender pay gap and ending the segmentation of women, migrants, indigenous people and other marginalized groups into low-paid jobs that undervalue their work;
- ▶ stopping the imposition of exploitative sub-minimum wage rates for younger workers and the illegitimate use of unpaid internships;
- ▶ supporting organizing, bargaining and research where unions need it;
- ▶ ending the use of disguised employment relationships and the abusive use of precarious employment arrangements to suppress wages and undermine collective bargaining.

Social protection

Around the world, 75 per cent of workers have inadequate or no social protection, with devastating consequences for those who are denied it, as was brutally demonstrated in the early part of the COVID-19 pandemic.

Where political choices have been taken to fund universal protection, they have provided the foundation for shared wealth. They have also shown that social protection makes a net positive contribution to the economy. The initial and ongoing investment needed is sustainable and ensures a higher degree of equality, social and economic inclusion, and has a major positive impact on public health.

In a number of countries, demographic changes with an ageing population and workforce are placing pressure on pension systems, while youth unemployment is a growing problem, even in countries where the population is ageing.

The new social contract affirms the right to social protection for all, including the following measures:

- ▶ a global social protection fund for the least wealthy countries and increased development aid for social protection;
- ▶ social dialogue for the design of and union involvement in the oversight of social protection systems;
- ▶ tax reforms to stop tax evasion, proper taxation of corporate profits and other measures to ensure adequate resources for social protection;
- ▶ debt relief and action by the international financial institutions to create the fiscal space necessary for less wealthy countries to establish universal social protection systems;
- ▶ progressive national tax systems.

Equality

Existing inequalities at work and in society and the economy have been severely exacerbated by the COVID-19 pandemic. The gender pay gap remains at over 20 per cent, gender segmentation in the workforce is substantial, women are over-represented in precarious and informal work and educational opportunities for women and girls in many countries are inadequate.

Trade union membership and collective bargaining are powerful means to address the gender pay gap and other forms of discrimination against women, including occupational segregation. Removing barriers to women's organizing and bargaining rights, along with gender mainstreaming in union policies and activities, must be a priority.

Similarly, the situation of all who face discrimination, whether on the basis of ethnicity, origin, gender identity or orientation, disability, age or any other characteristic, improves dramatically when they have a trade union and collective bargaining rights.

Trade union solidarity and collective organization and action are crucial in the fight against racism, xenophobia, social exclusion and discrimination in all its forms. Unions are front-line defenders against extremism, including the extreme right wing, which is making inroads in every region.

The Melbourne Congress pledged that the ITUC would work for a feminist trade union movement – a movement which reflects the make-up of the workforce and society.

The equality agenda of the new social contract means:

- ▶ making the Centenary Declaration pledge of a gender transformation of the world of work a reality, through campaigning, negotiation and advocacy, with ending occupational segmentation and the gender pay gap as priorities;
- ▶ fighting against the rise of the extreme right, intolerance and social and economic exclusion;
- ▶ introducing specific actions to promote the ILO Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Indigenous and Tribal Peoples Convention, 1989 (No. 169), the Domestic Workers Convention, 2011 (No. 189) and the Violence and Harassment Convention, 2019 (No. 190);
- ▶ meeting the target of a minimum of 40 per cent of union leadership positions held by women, rising to 50 per cent by 2026;
- ▶ ensuring investment in the care economy in all countries and proper recognition of the value of care work;
- ▶ fighting for the rights of migrant workers and refugees.

Inclusion

The rules of the global economy are heavily stacked against the poorest countries and provide insufficient policy and fiscal space for inclusive economic and social development in all except the wealthiest countries. The policies of the international financial institutions and the WTO need fundamental reform to put development and workers' rights at the centre. The development aid flows are insufficient; the rules for tax are designed for the benefit of corporations and the wealthy; State capacity is damaged by economic restructuring imposed by conditional access to capital; and wealth is being drained from even the least wealthy countries through debt repayments and the extraction of value by multinational enterprises. The contours of colonialism still form the basis of a global system that is fundamentally flawed – unequal and unsustainable.

Fundamental reform is required to deliver the Sustainable Development Goals, the realization of which depends on Goal 8 which, thanks to the efforts of trade unions and the ILO, enshrines decent work. Real progress on all the SDGs is fundamental to an inclusive future.

At the national level, governmental accountability beyond the narrow measure of gross domestic product (GDP), along with the provision of quality public education, health and other services, is the basis on which inclusion can be achieved, along with the trust required to ensure democracy and to tackle the vulnerability of democratic systems to extremism.

Peace, common security and nuclear disarmament are also central to the new social contract; while increases in military spending, in large part due to the Russian invasion of Ukraine, take resources away from vital spending on social needs and sustainable economic development.

The ITUC Melbourne Congress committed to a broad series of actions for inclusion, as a pillar of the new social contract. These include:

- ▶ introducing a fundamental reform of the global economic system, including the Bretton Woods institutions and the WTO, to enable development and inclusion for all, and defending multilateralism with the ILO at the centre;
- ▶ campaigning for the SDGs, in particular Goal 8;
- ▶ advocating for international policies that support technology transfer, sustainable investment in less wealthy countries and industry policy that emphasizes health, care and infrastructure;
- ▶ advancing the comprehensive trade union agenda for peace, common security and nuclear disarmament;
- ▶ building the case for economic measures other than GDP;
- ▶ supporting a minimum of 0.7 per cent of gross national income for development aid;
- ▶ ending intellectual property barriers to development and to access to vaccines, treatments and tests for disease.

Conclusion

This article summarizes key aspects of the new social contract adopted by the ITUC Melbourne Congress. The Congress Statement provides a more elaborate and complete overview under each of the headings. The work that unions do every day contributes to the realization of that ambition, while the overarching framework adopted in Melbourne aims at linking policy and action across and between the various elements.

The world needs the new social contract to replace the failing, inequitable and unsustainable economic model of today.

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