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Towards a renewed social contract

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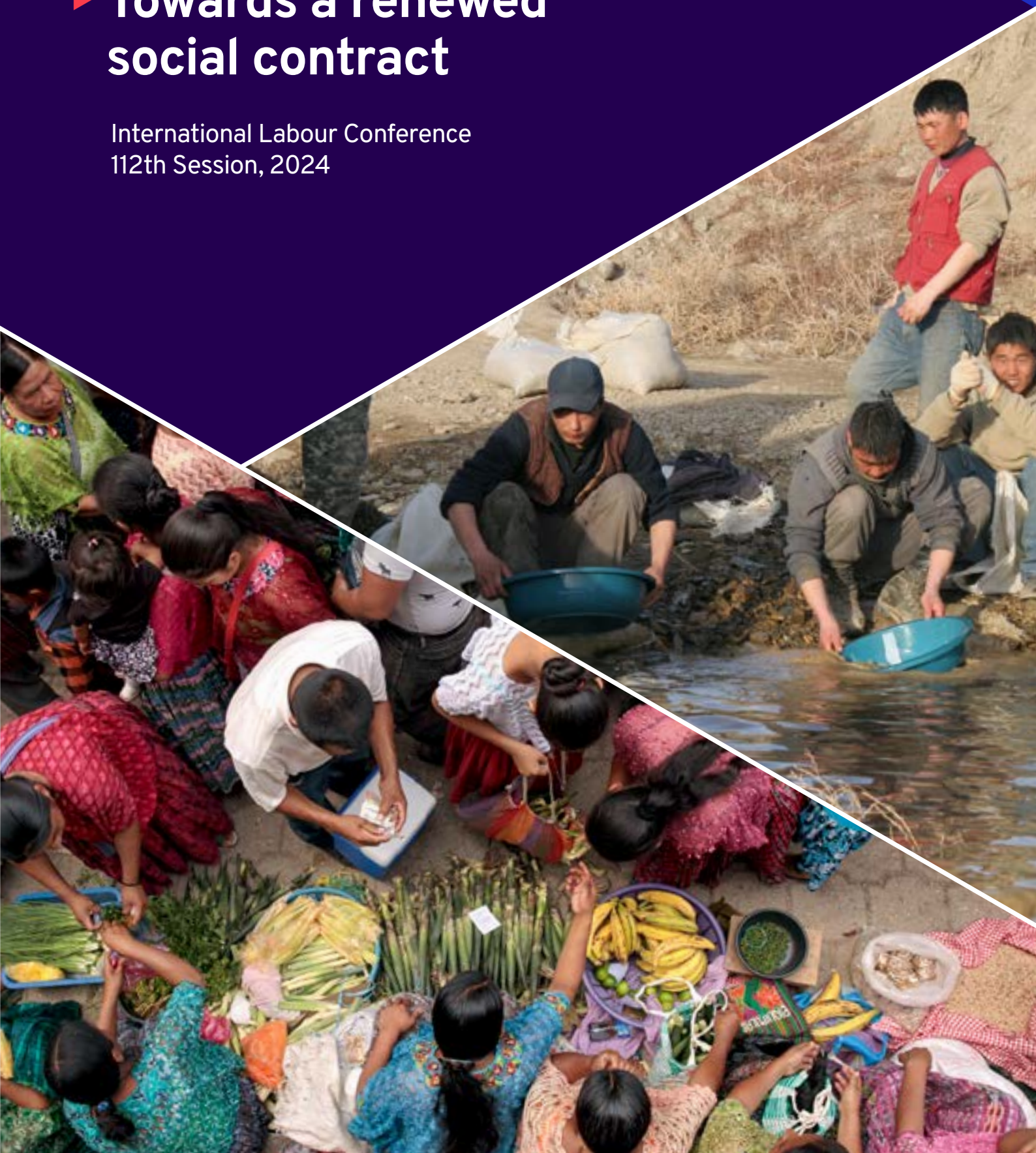

Report I(B)

▶ Towards a renewed social contract

Report of the Director-General

First item on the agenda

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> The constant attention paid to wealth will cause the nation one day to be faced with an immense mass of people hostile to its institutions, disdaining all that was once held sacred and delivering itself into the hands of the most savage demagogues.
>
> Daniel Legrand, Swiss industrialist, 1840s.

> In Africa there is a concept known as ubuntu – the profound sense that we are human only through the humanity of others; that if we are to accomplish anything in this world, it will in equal measure be due to the work and achievements of others.
>
> Nelson Mandela, 2008.

> My notion of democracy is that under it the weakest should have the same opportunity as the strongest.
>
> Mahatma Gandhi, 1952.

> Our idea of what constitutes social good has advanced with the procession of the ages, from those desperate times when just to keep body and soul together was an achievement, to the great present when “good” includes an agreeable, stable civilization accessible to all, the opportunity of each to develop his particular genius and the privilege of mutual usefulness.
>
> Frances Perkins, United States Secretary of Labor, 1934.

> We do not inherit the earth from our ancestors, we borrow it from our children.
>
> Chief Seattle, Native American leader, 1854.

Preface

Social justice remains an imperative and an essential condition for universal and lasting peace.

Yet we know that trust in national and international governance is waning. We live in times of significant geopolitical instability, with wars continuing to rage in some parts of the world. Social cohesion is under pressure and political polarization is rampant and deepening. Rather than having a sense of not being left behind, many feel that the system is rigged against them. The fine balance that many societies once maintained – in the sharing of collective responsibilities and benefits and the provision of solidarity in times of need – appears to have tipped in favour of a privileged few. When an economic crisis or extreme environmental event occurs, it is almost always the most vulnerable in our societies – most often women – who bear the brunt of the shock and carry the greatest burden.

How do we tackle the injustices, inequalities and insecurities facing us today?

This report, my second to the International Labour Conference, carries forward the theme of social justice by focusing on the very foundation of just societies, upon which we build the opportunities and institutions for decent work: the social contract.

What do I mean by a social contract? Put simply, I mean the implicit, or at times explicit, understanding of our collective responsibilities towards each other that finds its expression in the norms, collective institutions and policies that fulfil the promise of the Declaration of Philadelphia that "all human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity".

How do we renew that social contract today and deliver social justice as the basis for lasting peace, shared prosperity, equal opportunity and a just transition? As the ILO, we have both an advantage and an opportunity.

First, we have the institutional means at our disposal to renew the social contract. Social dialogue, which has enabled us to shape commitments between the tripartite partners in the world of work, is a prerequisite for renewing the social contract and advancing social justice. This is why we were founded.

Second, we have a significant opportunity ahead in the Second World Summit for Social Development, to be convened by the United Nations in 2025.

I hope that my report will stimulate discussion on what the priorities are and how the social contract might be renewed as we prepare for our engagement in the World Summit.

Gilbert F. Houngbo
Director-General

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Chapter 1

The universal importance of the social contract

1. Social contracts determine what is to be provided within a society on a collective basis, how and by whom. They connect individuals and communities, serving as a source of inspiration for thriving societies. Implicitly, they encapsulate unwritten expectations and facilitate exchanges between and among individuals and institutions on collective benefits. In good times, social contracts are an expression among members of a society or community and government of our respective responsibilities and duties to each other. They reflect a common understanding on issues such as how our needs will be met over the course of our lifetimes, from access to basic services to employment opportunities and social protection. They frequently provide rules governing relations between and among individuals and institutions, for instance with respect to the rights of women, and many other aspects of society. They entail responsibilities, such as paying taxes, and define the role and expectations of the State. In fact, the legitimacy to govern is frequently derived from a social contract. In challenging times, these agreements may include the State serving as an insurer of last resort, such as during a pandemic or natural disaster. In this way, they foster social cohesion, economic resilience and political stability.

2. Social contracts are chiselled by human experience bound within space and time. Some traditions emphasize the intricate web of human interactions. Within our own individual actions, there exists a complementary duty – an unspoken pact – to advance not only the well-being of the parties involved but also that of the broader community. This interconnectedness fosters a sense of responsibility to each other, where personal gains align with shared prosperity. Other traditions view social contracts as a protective device. Given the imbalances in power in any society, a social contract reminds us of what we owe to each other and of our interdependence. According to this tradition, the determined pursuit of self-interest by some is balanced by a collective agreement that preserves and protects the essential freedoms of all. A third perspective acknowledges the role and responsibility of authorities to maintain harmony within society. These traditions grant leaders a greater measure of discretion in decision-making guided by ethical principles. Their task extends beyond governance; they aspire to cultivate virtuous individuals and maintain harmony within society. Here, the social contract provides society with a moral compass.

3. All societies share a common foundation: a timeless and universal yearning for social justice, freedom, dignity, economic security and equal opportunity. Through these contracts, societies strive to strike a balance between individual and collective responsibilities. Achieving this objective is not without its challenges. Power imbalances and divergent interests can complicate efforts to balance the elements that make up the social contract. This adds particular significance to the understanding, as enshrined in the Declaration of Philadelphia of 1944, that poverty anywhere constitutes a danger to prosperity everywhere, which underscores the importance of international cooperation and solidarity in addressing our common agenda.

4. To maintain legitimacy and support, social contracts need to be updated periodically to respond to the evolving context. Such an undertaking requires the recalibration of the policies and institutions underpinning these agreements. It may also involve a collective re-examination of our roles and responsibilities, of what we owe to each other and of what we need to do to deliver social justice in times of unprecedented change.

5. The effectiveness of a social contract defies easy measurement by isolated indicators. For example, subsidized food prices or high educational achievement may reduce certain dimensions of poverty. But they will do little to meet the aspirations of young people if the labour market is not providing them with opportunities, or to meet the needs of ageing societies if there are few opportunities for workers who wish to continue to contribute as they age and to be looked after and provided for when they no longer can.

6. One clear indicator of the effectiveness of the social contract is its capacity to deliver social justice through decent work. Work is central to the lives of individuals and communities. It is how we earn a living so that we can obtain the goods and services we need. Work can also provide us with the opportunity to realize our productive potential and to gain recognition and respect for our contribution to society. It can give our lives both structure and purpose. Our experience of working is therefore an important part of our identity. As articulated in my report to the International Labour Conference at its 111th Session (2023), the availability of and access to decent work plays a central role in advancing social justice. Equally, social justice and decent work are central to the construction of an effective and sustainable social contract at the national and global levels. [1]

[1] ILO, *Advancing Social Justice*, Report of the Director-General, ILC.111/I(A)(Rev.), 2023.

Chapter 2

Social contracts under pressure

7. In 1995, speaking at the World Summit for Social Development, the then United Nations (UN) Secretary-General Boutros Boutros Ghali identified a need for a new social contract at the global level, to fight poverty, combat social exclusion and disintegration, create productive employment and awaken a new awareness of social responsibility. [2] The Programme of Action adopted at the World Summit acknowledged that, since the founding of the United Nations, the aim of creating a society for all and the quest for humane, stable, safe, tolerant and just societies had "shown a mixed record at best". [3] Since then, the disruptive effects of climate change, structural inequality, demographic changes, technological transformations and diminished civic space have significantly compromised our collective efforts to advance social development.

8. Indeed, climate change is having a profound impact on labour markets, reshaping the way we work and live. The transition to a more sustainable future will create new job opportunities in environmental conservation, renewable energy and sustainable practices. Yet many workers are transitioning out of jobs in carbon-intensive sectors into other activities unmatched to their existing skills. Rising sea levels are displacing populations. Environmental degradation is threatening livelihoods and food security. Extreme weather events are posing significant health risks to workers exposed to extreme heat, humidity or cold. These transformations are placing pressure on social contracts, including between the present generation and future generations.

9. While these transformations may be inevitable, they are unlikely to play out without causing social and economic turmoil. Attempts to phase out unsustainable practices have already met with resistance from those whose ways of life depend on them. And the introduction of digital technologies, including artificial intelligence, is creating insecurities among both employers and workers and raising concerns regarding transparency, data protection and respect for the fundamental principles and rights at work. Concerns have been raised, for example, about algorithmic bias leading to discriminatory practices. Can our current set of norms, policies and institutions address the new sources of uncertainty and insecurity that these transitions invoke?

10. Other factors are also placing social contracts under pressure. Deficits in public transparency, accountability and responsiveness in the face of financial and health crises have eroded trust in public institutions. We must ask ourselves what damage these crises have inflicted on the core principles of democracy, human rights and the rule of law? Without sufficient trust in national and international institutions of governance, whether public or private, what will happen to the quest for shared prosperity, lasting peace, social justice and environmental sustainability? Repressive, isolationist or outright racist reflexes generated from fear are providing a false sense of security in an ever-quicker succession of crises and conflicts.

11. Excessive income disparities and inequalities within and between countries and social exclusion threaten social stability. Shattered expectations and a lack of trust contribute to political polarization, making compromise, consensus and creative problem-solving seem impossible. The inability to build bridges makes the deep divides along the path intractable.

[2] United Nations, *Report of the World Summit for Social Development*, A/CONF.166/9, 1995, 125.

[3] United Nations, *Report of the World Summit for Social Development*, Ch. I, resolution 1, annex II, para. 66.

12. The COVID-19 pandemic exacerbated inequalities and the precarity of the most vulnerable in our societies and exposed deep fault lines in our global economy. These inequalities and injustices have become structural features of our economies and have increased under the inexorable influence of climate change, burgeoning (or contracting) populations, automation and digitalization. The set of policies and institutions that underpin our existing social contracts seem ill-prepared to respond to and address these transformations. We know that the usual fixes are not likely to work, and we will need to adapt our policies and institutions and come to a new understanding of our responsibilities to each other.

13. The 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in 2015, was designed to address these pressing challenges. It offered an ambitious, wide-ranging and universal framework aimed at eradicating poverty and reducing inequalities by fostering connections between national and multilateral commitments. Over halfway to 2030, the scorecard reveals a stark gap between commitments and realities and raises questions about our shared understanding of the complexities of change and the support that may need to be mobilized to deliver not only productive economies but productive and just societies. Progress on the Sustainable Development Goals has stalled and, in some cases, reversed.

14. Let us consider one of these goals. Achieving Goal 8, to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, will require action through comprehensive national employment policies and youth employment strategies and an enabling environment that promotes investment, including in both the transitions needed to get to net zero carbon emissions, and the creation of decent and productive employment.

15. While the global unemployment rate recovered in 2022 to pre-pandemic levels, the time-related underemployment rate and the wider labour underutilization rate have not recovered. Moreover, low-income countries have seen far lower rates of recovery in unemployment than middle- and higher income countries. The global youth unemployment rate is persistently triple that of adults. Almost 22 per cent of young people are not in employment, education or training (NEET). Young women are twice as likely as young men to be classified as NEET, which needs to be considered alongside their participation in unpaid work. Nearly 60 per cent of the global workforce, rising to almost 85 per cent in some regions, is in informal employment. A staggering 77 per cent of enterprises with fewer than ten workers are informal.

16. Increased economic insecurity and skewed outcomes for certain workers, firms and communities are undermining their willingness to uphold their part of the social contract. When an economy fails to provide access to public goods and services, whether with respect to adequate nutrition, clean water or quality education, fails to protect rights or simply fails to provide the prospect of a better life, this erodes confidence in civic engagement, instils apathy toward institutions and undermines trust that justice will be delivered. In the worst cases, it provokes social instability and unravels into violent conflict. Renewing the social contract to ensure that it is fit for purpose may stop the winds of discontent from fanning a wildfire.

Embedding decent work and social justice in sustainable development

17. Economic insecurity, uncertainty and inequality are a reflection of the unravelling of the social contract in respect of multiple elements of human development. We cannot therefore talk about decent work and social justice without also focusing on our collective responsibilities – as reflected in the 2030 Agenda for Sustainable Development – in respect of these elements. Among them are effective access to an adequate standard of living, including access to food and to water and sanitation; access to quality education; and access to healthcare. The ILO has long understood

that the pursuit of social justice in respect of these elements of human development is essential for the realization of its mandate and that it is not possible to achieve sustainable development without decent work.

18. Yet the reality is stark. It is estimated that one in three people worldwide were experiencing moderate to severe food insecurity in 2022, with most of these living in Africa and Asia. Furthermore, the global population facing chronic hunger has increased since 2019.[4] The situation is being exacerbated by food price inflation, driven by a complex mix of factors, including conflict, rising transport costs, supply chain disruptions and changes in trade policies. As incomes erode and public spending on agriculture declines, climate change is further compounding the challenges to food security. The impact of hunger extends far beyond empty stomachs – it affects the well-being of entire communities and undermines the ability of governments to promote sustainable growth and productive economies.

19. Reaching the goal of decent work for all is also dependent on ensuring access to a safe, reliable and affordable supply of water and adequate sanitation services, which are fundamental to sustaining life, health and food production. Ensuring access to water and sanitation also creates an enabling environment for long-term employment opportunities, as well as for development and growth across different economic sectors. Equally, the availability of and access to decent work can play a role in ensuring that water is clean, accessible and properly managed. However, access to water can be a source of entrenched inequality between urban and rural dwellers, across genders, and among the richest and poorest segments of the population.

20. Quality education and learning creates the fertile ground needed for skills development and access to opportunities for decent work that affords families an adequate standard of living. As technology advances and industries undergo transformation, individuals must adapt their skills on a continuous basis over the course of a lifetime to ensure their employability and expand their opportunities for formal employment.[5] Their adaptability depends on the quality of the education they receive. Quality early childhood education promotes lifelong learning and social well-being.

21. Some 763 million adults remained illiterate in 2020, two thirds of which were women.[6] Furthermore, various disadvantaged groups in society – such as indigenous peoples, rural populations, migrants, older persons, people with disabilities and prisoners – continue to face significant barriers in accessing critical learning opportunities. Without additional interventions, it is projected that, by 2030, a staggering 300 million students will lack basic numeracy and literacy skills, severely limiting their prospects for meaningful employment.[7] We must make strategic investments in basic school infrastructure, including essential services such as electricity, water and sanitation facilities. In addition, priority must be given to ensuring that all teachers possess the minimum qualifications required for their profession and that they benefit from decent working conditions. But this is only one side of the story: global progress against child labour has stalled and one third of those in child labour are not in school, impairing their future opportunities to access an adequate standard of living.

[4] United Nations, *The Sustainable Development Goals Report 2023: Special edition – Towards a Rescue Plan for People and Planet*, 2023, 14 and 59.

[5] See Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), Para. 15(f).

[6] United Nations Educational, Scientific and Cultural Organization, *Global Education Monitoring Report: Technology in Education – A Tool on Whose Terms?*, 2023, 271.

[7] United Nations, *The Sustainable Development Goals Report 2023*, 20.

22. In sum, it is clear that policies that affect access to food, water and sanitation, education and other elements of human development are not only relevant to, but critical components of, the successful advancement of decent work and social justice for all. Thus, as we consider a renewed social contract that is fit for today, we must consider what that contract requires from each of us and how it relates to needs and obligations that lie outside the immediate scope of the ILO's mandate.

Chapter 3

The social contract: Adaptation or reinvention?

> The conviction that universal and lasting peace can be established only if it is based upon social justice moved the founders of the ILO to make social justice the ultimate goal of an organization focused on improving the conditions of labour. That initial social contract – premised on the recognition of the principle of freedom of association – enabled a unique form of governance to emerge. Governments and employers' and workers' organizations came together at the ILO to address the often-unacceptable working conditions and widespread insecurity, deprivation and industrial unrest of the time. Tripartism, which at the time of the founding of the ILO hardly existed at the national level, became an established procedural means to advance social justice. [8]

23. The ILO came up with a blueprint for a global social contract more than a century ago. This blueprint has proven its worth: first, in framing the terms of economic and social progress in the face of large-scale industrial expansion; then, in identifying the policy objectives and building the institutions needed for socially just labour markets in newly independent States; and, more recently, in determining the need for social protection floors and identifying the key governance principles for harnessing the benefits of globalization for decent work.

24. Over the last 100 years, the ILO has used the foundations of the social contract – social dialogue, labour rights and accountability, mirroring the UN principles of democracy, human rights and the rule of law – to build an unparalleled normative system articulating and addressing the challenges that emerged in each new decade and era. The system does not need to be reinvented.

25. However, in the face of the challenges being faced and the transformations under way, there is an urgent need to renew the current social contract and our commitments to each other. Renewal could be undertaken in three steps, involving: first, an examination of the rigour with which we are discharging our respective responsibilities under the current social contract; second, the identification of the unaddressed challenges and unmet expectations in the current social contract; and lastly, the expansion of the current social contract to address the transformations arising as a result of technological progress, climate change and demographic shifts.

26. Renewing the contract entails a combination of maintaining long-standing principles and using the tools at our disposal to adapt our norms, policies and institutions to the changing global environment. The ILO's principle that labour is not a commodity remains as relevant as ever, as does its understanding that tripartism and social dialogue are the most effective and legitimate tools for crafting universal minimum standards and policies for the attainment of humane working conditions. Emphasis must be placed on the need for solidarity, which is key to building trust. For the process to succeed, all stakeholders need to play their part.

27. For adaptations to be effective, collective action must be robustly coordinated at the local, national and international levels. After all, while challenges may vary for different countries and regions, many are common and interconnected. Addressing these will require internationally coordinated responses. If it is to work, a new social contract must be anchored in national social contracts and be tailored to specific national circumstances and priorities, while at the same time fitting into a shared global framework and internationally agreed standards.

[8] ILO, *Advancing Social Justice*, para. 2.

28. As acknowledged above, the availability of and access to decent work plays a central role in advancing social justice. And social justice is at the core of any social contract. The effectiveness, legitimacy and responsiveness of a social contract therefore depends on whether it delivers social justice through decent work. We need to renew the social contract so that we can advance social justice for all. Some tripartite discussions are already under way to identify the policies and institutions in need of renewal to secure social justice in the light of the transformations taking place. The International Organisation of Employers and the International Trade Union Confederation have both identified their priorities in that regard. As representative actors in the real economy, their voices and their priorities must be heard.

What are some of the elements of a renewed social contract?

29. **The social contract needs to be based on respect for human rights, including the fundamental principles and rights at work.** Our current contract has not fully performed. Global progress against child labour, including hazardous child labour, has stagnated since 2016, compromising the opportunities for consecutive generations to work their way out of poverty. Forced labour is trapping more people and generating more illicit profits than previously recognized. [9] It is estimated that the perpetrators of forced labour operating in the private sector generate an astonishing US$236 billion annually – representing a 37 per cent increase over the past decade. Violence and harassment against women, migrant workers, refugees and ethnic and religious minorities are manifestations of persistent discrimination that have prompted the Organization to set new standards. Workers are being killed or injured at work every day. Freedom of association and collective bargaining remain largely unrealized. More than half of the world's workforce is employed in countries that have not yet ratified the fundamental standards related to these principles.

30. We need an integrated and reinvigorated approach in order to respect, to promote and to realize the fundamental principles and rights at work. The inclusion in 2022 of a safe and healthy working environment in the ILO's framework of fundamental principles and rights at work renewed tripartite commitment to realize those principles and rights. The moment may thus be ripe to enhance the annual follow-up to the ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022, [10] and to boost efforts to bring us closer to the universal ratification of the fundamental Conventions, thereby strengthening the new social contract.

31. The rule of law requires States to safeguard populations against human rights violations, including those committed by private entities and those arising from business activities. States therefore have a duty to prevent, investigate, punish and redress human rights violations. This involves the creation and enforcement of laws, regulations and policies to this effect. However, resource-constrained States often struggle to fully discharge this duty. This reinforces the need for all businesses, regardless of their size, to comply with applicable laws and respect human rights, thus fostering inclusive growth and sustainable development rooted in human rights.

32. While voluntary corporate initiatives are commendable, they cannot be a substitute for the effective enforcement of and compliance with national laws and respect for the fundamental principles and rights at work. The global social contract increasingly requires that all businesses follow sustainable environmental, social and governance practices. Comprehensive due diligence

[9] See ILO, *Profits and poverty: The economics of forced labour*, 2024.

[10] This is the subject of the recurrent discussion by the Conference taking place at its 112th Session (2024). See ILO, *Fundamental principles and rights at work at a critical crossroads: A recurrent discussion on the strategic objective of fundamental principles and rights at work, under the follow-up to the ILO Declaration on Social Justice for a Fair Globalization, 2008, as amended in 2022*, ILC.112/V, 2024.

is important to identify, prevent and mitigate negative human rights impacts and to enable remediation. Both States and businesses have a role to play in providing dispute resolution mechanisms and grievance procedures. States must take appropriate steps to ensure, through judicial, administrative, legislative or other means, that when such abuses occur within their territory or jurisdiction, those affected have access to effective remedy. To make it possible for grievances to be remediated swiftly and directly, businesses should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. Unfortunately, inadequate access to labour justice persists for a significant portion of the global workforce, highlighting the need for our social contract to invest in this dimension of social justice.

33. Many more questions may need to be addressed to ensure that enterprises become sustainable by effectively assuming greater responsibility for the social and human rights impacts of their business operations. Member States and trade unions have an important role to play in this regard. Should we focus on creating an enabling environment for respect for workers' human rights in every country, while supporting enterprises and providing them with an incentive to undertake effective due diligence? How can we help to build the capacity of employers' organizations to play a leading role in building a local business culture based on a commitment to respect workers' rights? How can we support trade unions in playing a more active role in engaging with business on human rights due diligence?

34. Similar questions may arise in the context of lending and public procurement operations for international development finance institutions, given their crucial role in repairing social contracts. Strengthening safeguard policies can help identify, prevent and minimize the environmental and social risks associated with investment projects and enables countries and clients to adopt responsible practices in sustainable development.

35. **The social contract depends on inclusive and effective governance.** Governance encompasses the decision-making, rule-setting and compliance mechanisms that shape a social contract. Inclusive governance based on social dialogue at all levels is critical for achieving our contemporary social, economic and environmental objectives. Good governance also serves as an objective in its own right, as human rights violations, corruption and governance gaps weaken the very fabric of the social contract.

36. In the context of the growing integration of economies through trade and investment, the ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022, renewed the social contract on the basis of tripartite social dialogue in the ILO. In seeking to maintain a link between social progress and economic growth, all Members of the ILO now have an obligation to respect, to promote and to realize the fundamental principles and rights at work. This guarantee is of particular significance in that it enables the persons concerned to "claim freely and on the basis of equality of opportunity their fair share of the wealth which they have helped to generate, and to achieve fully their human potential". [11]

37. The steady inflow of ratifications of fundamental standards and the proliferation of labour provisions in trade and investment agreements suggest that the establishment of a social floor to globalization consisting of fundamental principles and rights at work was an innovative form of governance that enabled many countries, employers and workers to benefit from the opportunities of globalization. These labour rights are human rights and should therefore remain at the heart of the social contract.

[11] ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022, Preamble.

38. But ominous clouds loom over a rules-based trade and investment system, hindering the achievement of decent work for all. The waning ability of countries to safeguard the fundamental principles and rights at work, the declining share of labour income, the persistence of informal employment and insufficient investment in social dialogue signal that a form of inclusive and effective governance needs to be part of a renewed social contract. Without it, support for national and international economic and social systems will wane, as those living in poverty and insecurity will believe that they are not receiving the benefits of the social contract.

39. **The renewal needs to revitalize and reconfigure the policies and strategies that create full, productive and freely chosen employment.** The Employment Policy Convention, 1964 (No. 122), which gives expression to the human right to work by calling for the promotion of full, productive and freely chosen employment, has attracted 25 new ratifications since 2000, despite being designated as a governance (priority) instrument. [12] Whether this is the result of implementation fatigue, a lack of resources, or policy integration and coordination issues, it does suggest that there is a gap to be filled in our social contract.

40. Some questions may help us start to fill this gap. Conventional wisdom has long held that industrialization is a crucial driver of economic growth and employment generation. With services, rather than manufacturing, driving economic and job growth in many countries, do these patterns require a new mix of employment policies? In what ways should we adapt industrial policy to address contemporary challenges and advance structural transformation? How can we invest in emerging industries that play a pivotal role in promoting social, environmental and economic sustainability, while also providing employment opportunities for marginalized communities? How can we design comprehensive employment policies that target investment (public and private) in sectors with high potential for formal job creation, including the green, digital and care economies? What policy mix do we need to drive transitions to zero carbon emissions in the face of technological change? If we are going to continue to rely on supply chains that have become more extended for economic growth, how will we provide for transparency, ethical standards, social risk management and resilience?

41. In renewing the social contract, we need to take a fresh and perhaps broader view of employment policy and its social objectives. Do we need a new economic framework? How can we ensure pro-employment macroeconomic policies? Sustainable enterprises also require an enabling environment to fulfil their role in driving economic growth and decent job creation. Economic and productivity growth, business dynamism, investments in technology and innovation and competitiveness of companies can all deliver on the social objectives of employment policy when supplemented by social dialogue and policies that ensure decent work and a just transition.

42. Within a framework of comprehensive employment policies, a major challenge is the complexity involved in ensuring the integration of economic policies and policies needed to promote the creation of decent work and a just transition. Economic policies have often prioritized narrow and exclusive goals of financial and price stability, sometimes at the expense of employment and labour income. Unfortunately, this approach has led to social and political tensions, jeopardizing the very foundation of social contracts. Recent crises have underscored the importance of protecting investment in decent jobs. Rather than treating decent job creation as a secondary concern, it should be a central objective for economic recovery and reconstruction. While experience and evidence clearly indicate the need for pro-employment policies, we still lack decisive political actions. To address this shortcoming, we must once again leverage

[12] To date, 115 countries – roughly two thirds of the ILO's membership – have ratified Convention No. 122.

comprehensive employment policies to create 600 million jobs by 2030, aiming for full employment.

43. The introduction of new technologies has long been the focus of debates on whether these result in job losses or net job gains. History suggests, rather convincingly, that technological advancement has been a key driver of economic and social progress. That is in no small part because our social contract has ensured a just share of progress and, in some countries, supported those most affected by the loss of jobs or income. The business landscape is growing more diverse, and the ability of enterprises to harness technological advancements varies significantly. Failure to address these digital divides will concentrate the benefits of productivity-enhancing technologies, including artificial intelligence, to a small set of enterprises and exclude countries, enterprises and workers without the necessary infrastructure. Earlier this year, the UN General Assembly called for the development of measures for the "identification and assessment of the impacts of the deployment of artificial intelligence systems on labour markets, and providing support for the mitigation of potential negative consequences for workforces, especially in developing countries". [13] International labour standards have also recognized that limited access to new technologies poses a significant challenge for the development and growth of small and medium-sized enterprises and their capacity to generate quality employment. [14]

44. Are the shared responsibilities in our social contract still fit for purpose in terms of maximizing opportunities for employment creation while preventing structural inequalities, associated with new digital technologies? This is a question that concerns not only wage employees at risk of displacement but also small and under-resourced enterprises. With appropriate support and incentives, sustainable enterprises and entire economies can reap the benefits of technology. It is also a pertinent question for workers capitalizing on new digitally driven employment opportunities and for governments concerned with maximizing the benefits of technological advances while preventing, minimizing or mitigating the adverse labour market impacts resulting from automation or the introduction of artificial intelligence. And it is a question for workers concerned about job destruction and job quality loss and for employers grappling with their responsibilities and legal liabilities to safeguard workers against formerly unknown safety and health hazards.

45. The quest to renew our social contract might inspire us to be guided by the "leave no one behind" paradigm when considering the social objectives of technology policies and their impact on productivity and innovation. Our normative heritage already calls for "the promotion of technological linkages between large-scale and small-scale undertakings" and "investments in technology that would encourage, directly or indirectly, the creation of employment and contribute to a progressive increase in production and the satisfaction of the basic needs of the population". [15]

46. And what role is there for sustainable enterprises? Sustainable enterprises play a pivotal role in fortifying social contracts. Operating with a long-term vision, these businesses offer stable, high-quality employment, drive environmental stewardship through innovation, and foster trust and cooperation by actively engaging with local communities. The sustainability of these enterprises hinges on a multitude of factors that necessitate societal cooperation. When enabled by a

[13] UN General Assembly, resolution 78/265, Seizing the opportunities of safe, secure and trustworthy artificial intelligence systems for sustainable development, A/RES/78/265 (2024), para. 6(q).

[14] See, for example, the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998 (No. 189), Para. 6(2)(f) and Preamble.

[15] Employment Policy (Supplementary Provisions) Recommendation, 1984 (No. 169), Paras 24 and 26(d).

supportive policy and business environment, they can leverage the forces of social contracts to create lasting impact.

47. **The social contract must internalize the environmental dimension and a just transition.** Have economic insecurity and economic inequality become entrenched as economies integrate without adequately internalizing labour and environmental costs? Questions such as this are being asked in different international forums. At the 2023 UN Climate Change Conference, the parties to the Paris Agreement adopted a work programme on just transition pathways calling for the first time for a "[j]ust transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities, including through social dialogue, social protection and the recognition of labour rights". [16]

48. **The social contract needs to deliver a fair share of the fruits of progress.** How can the declining share of labour income in many countries be addressed? How do we strengthen the policies and institutions needed to address the rising inequalities within and between countries? Should a renewed social contract seek to mitigate the large gap in productivity gains? Many worry that these gains are increasingly monopolized by a select group of enterprises, stifling sustainable income growth and distribution and excluding certain individuals, companies and entire nations. Evidence is mounting that the resulting inequalities in turn damage economic growth and stability. As growing populations find themselves in low-growth, low-productivity and informal sectors, perhaps we should view our challenge as designing or reconfiguring complementary policies that promote the sharing of productivity gains among all members of society.

49. One question indeed is whether our current social contract has been robust enough to pave pathways out of the hand-to-mouth subsistence that marks much of the informal economy around the world. We are familiar with both the cause and the consequences of informality and have redoubled efforts to promote the pathways leading to formal employment in sustainable enterprises free from unfair competition. These include regulatory reforms simplifying registration processes, calibrating labour laws and ensuring social protection rights for informal workers. The fight against informality also requires financial inclusion, widespread access to formal banking and credit services and efforts to enhance workers' employability through education and skills development, ideally on a lifelong basis. We must continue to encourage formal job opportunities by supporting small enterprises and promoting investment. We must also continue to revalue employment relationships and to directly engage the social partners in policies that promote formalization.

50. Are we perhaps overlooking the fact that our current social contract does not adequately address the challenges associated with the transition from the informal to the formal economy? As we stand at the midpoint of our journey towards 2030, global unemployment has declined since its historic peak of 2020, when the pandemic's devastating and immediate impact led to the loss of the equivalent of over 170 million full-time jobs. However, the number of workers in the informal economy surged from 1.5 billion in 2015 to 2 billion in 2019. Among these informal economy workers, a significant proportion are women and young people.

51. Considering the lengthening lifespans and ageing populations, should we not pursue greater intergenerational and international solidarity? Why do more than 22 per cent of those over the age of retirement globally, and almost 77 per cent in low-income countries, lack access to

[16] United Nations Framework Convention on Climate Change, *Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on its fifth session, held in the United Arab Emirates from 30 November to 13 December 2023*, Addendum, decision 3/CMA.5, para. 2(e).

pensions? [17] Integrated policies that promote access to healthcare, education and social protection, prevent or at least alleviate poverty, and create employment opportunities for decent work in the formal economy are key to achieving economic security, reducing inequality and maintaining fiscal sustainability. Furthermore, gender disparities in the provision of social protection must be addressed, given the unique challenges that women often encounter due to employment gaps, informal work and the unequal sharing of caregiving responsibilities.

52. **The social contract needs to ensure adequate labour protection.** Throughout history, humanity has united to express its shared values in safeguarding the inherent dignity of every individual. Faced with political and economic oppression, we collectively declared our commitment to human rights, enshrining them within the framework of the rule of law. Some of these human rights have found their place as part of a floor provided by the fundamental principles and rights at work. Others, such as those concerning limits on working hours, remuneration ensuring a decent standard of living for workers and their families, social security, maternity protection and access to adequate food, clothing, housing and education, provide equally important guardrails when navigating the intersecting transitions in the world of work. In fact, the ILO Centenary Declaration for the Future of Work (2019) echoed the need to strengthen the institutions of work to ensure the adequate protection of all workers along with a transformative agenda for gender equality.

53. Now, as we contemplate a renewed social contract, we face a pivotal question: should we seize this opportunity to construct a labour protection floor – one that encompasses the full spectrum of human rights at work? The answer lies in our collective commitment to justice, fairness and the well-being of all regardless of employment status.

54. There is a rising expectation among workers of having more control over their working time. Balancing this expectation with the interests of employers in respect of greater flexibility presents something of a conundrum for our social contract. On the one hand, the ability of workers to exert more control over their working hours is enabled by technology and is, at least in parts of the world, becoming part of the mainstream, through flexible working hours, working time accounts and hybrid working models – often developed on the basis of social dialogue. Such developments seem to meet the objective of improving work–life balance. On the other hand, it is estimated that one third of workers globally regularly spend more than 48 hours per week in paid work. In some countries, the majority of workers feel that work is becoming more intense and demanding and heavy workloads are frequently cited as the most common cause of work-related stress and even long-term sick leave. Regular long hours of work remain a serious concern in most of the world today, and in certain regions in particular. Indeed, exposure to long working hours of over 55 hours per week has been found to be the occupational risk factor with the largest attributable work-related burden of disease, leading to almost 745,000 deaths globally in 2016. [18] This suggests a need to renew consensus in the social contract on working time. The Preamble to the ILO Constitution calls for improvements in working conditions through the regulation of the hours of work, including the establishment of a maximum working day and week. Should we reaffirm our shared resolve that rest and leisure, including reasonable limits on working hours, are a human right? [19] Is it not incumbent on us to revisit this oldest of demands of working people and

[17] Data from the ILO World Social Protection Data Dashboards and ILO, *World Social Protection Report 2020–22: Social Protection at the Crossroads – in Pursuit of a Better Future*, 2021.

[18] WHO and ILO, *WHO/ILO Joint Estimates of the Work-related Burden of Disease and Injury, 2000–2016: Global Monitoring Report*, 2021.

[19] See also Article 24 of the Universal Declaration of Human Rights and Article 7(d) of the International Covenant on Economic, Social and Cultural Rights.

reach an agreement that protects employment quality and seeks to improve the balance between productivity gains and leisure?

55. Rising inflation is eroding real wage growth in many countries. The increasing cost of living is disproportionately affecting lower-income earners and their households, adversely affecting efforts to combat income inequality and poverty. We know that we must pay attention to the decoupling of wages and productivity and the declining share of labour income as drivers of inequality in the world of work. Progress in closing the gender pay gap has stalled, with women earning consistently at least 20 per cent less than men. And women continue to bear the bulk of unpaid home and care work, exacerbating these inequalities.

56. The value of social dialogue to the social contract was recognized in the recent tripartite agreement on the operationalization of a living wage through wage-setting processes, including by considering the needs of workers and their families and economic factors as set out in the Minimum Wage Fixing Convention, 1970 (No. 131). This agreement represents a significant step forward for the ILO. Many countries are regularly reviewing and adapting minimum wages on the basis of social dialogue in the light of perceptions that local minimum wages are insufficient. The ratification of instruments promoting collective bargaining has developed steadily in the twenty-first century. Normative commitments in respect of other wage policy instruments have been less forthcoming. This aspect of our social contract needs to be renewed so that all can enjoy an adequate standard of living.

57. The greater operationalization of living wages through wage-setting processes would amount to an investment in social inclusion**.** In 2023, approximately 700 million people across the globe were subsisting below the international extreme poverty line, while almost 7 per cent of the world's workers lived in extreme poverty. The overall numbers have come down considerably in the last few decades, but not enough to keep us on track to reach the targets we have set ourselves for 2030, especially considering the reversal of progress the pandemic shock represented in 2020. We have shown that we can come together to tackle structural inequalities and take pivotal steps towards a more inclusive world. The challenge is how to replicate the tripartite agreement on living wages in wage-setting and wage-fixing processes at the national, industry and local levels. Operationalizing a living wage together with access to universal social protection could meet the aspiration of some countries to uplift the working poor and could be the basis for a more equitable social contract. It may be a way of recognizing and valuing unpaid care work, which is often performed by women and contributes significantly to society.

58. The social contract must advance democracy at work.

> In order that social negotiation should succeed in laying the foundations of a social contract or compact and implementing it, sufficiently strong employers' and workers' organisations must be active at all levels, and the State must guarantee these and not surrender its function of arbiter … The ILO's assistance is of particular urgency, for prompt action is needed to ward off the serious dangers that threaten democracy in periods of transition or structural adjustment programmes. [20]

Such were the thoughts of those seeking to inspire the world of work in 1992, a time when the world was placing people's aspirations for freedom, equal opportunities and genuine participation in their country's social and economic life in the hands of political democratization and economic transition to the market economy. They serve as a useful reminder that no matter the challenges imposed by reform or transition, people want to be involved in the creation of the

[20] ILO, *Democratisation and the ILO*, Report of the Director-General (Part I), International Labour Conference, 79th Session, 1992, 61 and 64.

social and economic environment in which their endeavours may bear fruit. Individuals willingly embrace their economic responsibilities, not through coercion or unbearable hardship, but rather by participating in constructive dialogue to formulate agreements on necessary reforms. Workplace democracy, fundamental freedoms and social justice thus serve as essential pillars of the social contract.

59. Strong membership-based organizations of employers and workers are the lifeblood of democracy and democratic decision-making. Their effectiveness in forming and upholding a social contract hinges on respect for fundamental rights and meaningful representation. Unfortunately, both are in increasingly short supply. Discrimination, intimidation and violence against trade unions persist in many countries. The freedom of association of employers is also under threat in some countries. The effectiveness and legitimacy of social dialogue depend on whose voices and interests find representation at the negotiation table. A decline in trade union density and coverage by collective agreements in some countries has left a diverse workforce increasingly voiceless, although noteworthy initiatives hint at the possibility of reversing the tide. While small businesses have organized and are increasingly members of business and employers' organizations, various groups – such as platform workers, domestic workers, migrant workers and informal microentrepreneurs – have adopted inventive strategies to amplify their voices within workplaces and shape their economic destinies. Notably, the collaboration between trade unions and under-represented or unrecognized workers' organizations suggests a broadening of the labour movement's horizons, bridging the divide between those in recognized employment structures and those operating outside them.

60. The challenge lies in scaling up these experiences. How can we amplify successful models and create a more inclusive and equitable world of work? Perhaps it is time to explore collaborative strategies, foster cross-sector partnerships and advocate for policies that empower workers across the spectrum and for better resourced institutions of social dialogue at all levels.

61. Social dialogue is a proven catalyst for navigating complexity and finding solutions when and where they are needed. When based on adequate representation, social dialogue can offer inclusivity, balance and equity. By promoting democracy in the world of work, we contribute to a broader democratic fabric that protects civic space.

62. In fact, the COVID-19 pandemic made us rediscover and appreciate the immense value that robust social dialogue can add to our workplaces. During the peak of the pandemic, collective bargaining emerged as a responsive and crucial regulatory mechanism, offering certainty to both employers and workers amid an uncertain landscape. These negotiations addressed a range of critical issues, including health and safety, sick leave, health benefits, working-time flexibility and other arrangements aimed at balancing work and family life, as well as employment security. Agreements were reached extending health protection to frontline workers who faced a high risk of virus exposure. In addition, they secured contractual status for workers who had previously been in temporary employment without adequate healthcare coverage. Tripartite accords – involving governments, employers and unions – played a pivotal role. Employers made a commitment to retaining their workforce, unions cooperated in reducing working hours to maintain economic stability, and governments provided benefits and wage subsidies to support both workers and enterprises. [21]

63. Securing safe and healthy working environments provides an example of how social contracts can advance decent work. Nearly 3 million workers die every year due to work-related accidents and

[21] See ILO, *Social Dialogue Report 2022: Collective Bargaining for an Inclusive, Sustainable and Resilient Recovery*, 2022.

diseases, an increase of more than 5 per cent compared to 2015. Climate change is compounding this challenge, by adding extreme weather events, heat stress and air pollution to the list of work-related hazards that can result in human tragedy and reduce productivity to the tune of millions of work hours lost. We know that there is a direct correlation between safer and healthier working environments and economic success; not coincidentally, this is evident mostly in countries where social dialogue is better established. Elements of the solution – respect for the right to a safe and healthy working environment; a system of defined rights, responsibilities and duties; and timely preventative action – have long been captured in internationally recognized standards. However, to produce an impact that is bigger than the sum of its parts, we need a culture of social dialogue at all levels, including: tripartite consultations for viable regulatory frameworks; collective agreements addressing industry- or workplace-specific concerns in safety protocols, training programmes and reporting mechanisms; and workplace cooperation securing the regular exchange of information as hazards evolve.

64. In 2022, social dialogue served to plug a gap in the global social contract when it led to the inclusion of a safe and healthy working environment as a fundamental principle and right at work. We should now renew the energies of cooperation, coalition-building and expanded partnerships to deliver the capabilities and resources needed and, in that way, prioritize a safe and healthy working environment everywhere and across all economic and social policies.

65. **The social contract needs to ensure access to and the provision of essential services and universal access to social protection**. Successive generations of standards have firmly embedded a systemic approach to social security, giving the State the general responsibility for establishing and maintaining a system securing the protection of its population against the contingencies faced throughout people's lives, including when these result from systemic shocks, through a combination of contributory and non-contributory mechanisms.

66. The benefits of ensuring that every individual, regardless of their socio-economic background, has access to essential benefits and services are clear. When families have access to healthcare, education and social protection, they can invest in their future and bolster the resilience of their economies and the inclusiveness of their societies by empowering marginalized communities. Investment in universal social protection ripples through economies, fostering innovation, entrepreneurship and productivity. Universal social protection transcends divisions of gender, age and geography. It ensures timely access to healthcare, thereby reducing disease transmission and improving pandemic preparedness. Universal social protection is a human right. It strengthens a social contract by fostering mutual obligations, rather than allowing social protection benefits to be seen as mere handouts that can be diminished or eliminated based on someone else's notion of who is deserving of such benefits. Might universal social protection be our best hope for inspiring global solidarity and putting the Sustainable Development Goals back on track, fostering a more equitable and sustainable world?

67. Universal social protection is no longer an abstract concept. Concrete proposals have been put forward to make it a reality. These include establishing a global social protection fund for the least developed countries, earmarking a gradually rising portion of development aid funds for social protection and introducing fiscal reforms at the national level. Such measures could go a long way in reversing the decline in the labour share of global income and reducing the inequalities currently eroding the social contract.

68. A genuine consideration of universal social protection to tackle inequalities and revive solidarity between countries places debt relief on the agenda as well. Austerity and fiscal discipline measures, intended to stabilize economies and reignite economic growth, have frequently disregarded social policy considerations in the past, to their detriment. The conditions for

obtaining loans from international financial institutions have primarily centred on reducing public spending, which has had detrimental effects on critical social services and infrastructure such as health, education and social protection. In addition, privatization has exposed vulnerable sectors to intensified competition, adversely impacting local industries and employment opportunities, often the sole form of social protection. The current debt crisis severely hampers the ability of many developing countries to invest in social policies, once again underscoring the critical need to restore fiscal space to ensure social justice. The external debts of low- and middle-income countries doubled between 2010 and 2022, exactly at the time when their vulnerability to climate change and, therefore, their social protection needs to support a just transition, increased sharply. International solidarity is required, as is consideration by the international community of ways to bridge the financing gap for social protection, including through largely unmet official development assistance and new international financing mechanisms.

69. **The social contract needs to be grounded in norms that are responsive to a changing world of work.** The effectiveness of a renewed social contract hinges on the ongoing relevance and legitimacy of the norms that govern it and the clarity with which they define our shared responsibilities. As a standard-setting organization, keeping our body of international labour standards clear, robust and up-to-date is a vital contribution to the rule of law and a lasting assertion of the equality of everyone before the law in an environment in which economic power is not equally available to everyone.

70. It should be expected that, in our periodic tripartite reviews of standards, we detect regulatory gaps, and more so as change in the world of work accelerates. When faced with the difficulty of filling such gaps in time, we should be able to turn to new and simpler processes for the revision of existing technical standards. Our standard-setting organs could then focus on structural gaps in the social contract arising from transformative challenges.

71. As the only universal tripartite organization capable of setting standards at the international level that advance social justice, we may want to explore the desirability of new standards that would address the interrelated transitions – environmental, technological and demographic – and their impacts on the world of work. In renewing the social contract, we may wish to reiterate that sustainable development is based on global interdependence, which in turn means a sharing of the benefits and burdens within and across borders. As with the integration of economies, so with environmental and technological concerns: the deleterious effects of the transformations under way and the constraints they impose on development cannot fall on the weakest and least able to respond. The challenges of a burgeoning youth in countries unable to tap their talent in formal labour markets, or of ageing populations in countries that are unable to provide the quality care needed, have implications for all countries. As mandated of our Organization in the Declaration of Philadelphia, this requires the coordination of international social, economic and financial policies. A possible new standard could provide a common frame of reference and guidance to Members in respect of social, environmental and technological developments that advance social justice and sustainable development. It could elaborate on the need to invest in human rights and capabilities for just transitions; in universal social protection; in the fundamental principles and rights at work; in the sharing of the benefits and burdens; and, last but not least, in international solidarity and responsibility as grounds for social justice and lasting peace.

72. On the eve of the ILO Centenary, we agreed on a set of interventions to strengthen the supervisory system, recognizing that implementing and supervising standards is as fundamental to our social contract as setting them, if not more so. A fresh initiative may be warranted to enable the more systematic reflection of transition challenges in reporting and supervision and to steer development frameworks in such a way as to support more resolutely the implementation of standards.

73. There is also a need for more information on the efforts by those that have not ratified the fundamental Conventions to respect, to promote and to realize the principles that are the subject of those Conventions. Such information could bring us closer to the universal ratification of the fundamental Conventions, thereby strengthening the new social contract.

Chapter 4

Renewing the social contract

74. Crises and transformative changes are inevitable. The decisions we make today as governments and employers' and workers' organizations to renew our initial social contract – which set the ILO apart as a tripartite organization – will determine whether we are up to the task of establishing universal and lasting peace based on social justice. Demographic and technological changes can present opportunities, but only if we have the human capabilities needed to harness these. As I set out in my last report to the Conference, in 2023, universal human rights and capabilities are foundational. They are the basis for education and for effective access to public services on the one hand, and for the realization of enabling rights, such as freedom of association, on the other. It is on these foundations that people can access opportunities to employment and participate in productive activity. We must reimagine and renew the social contract if we are to realize these opportunities.

75. We know that social justice is a journey as well as a destination. In my last report to the Conference, I laid out four interrelated and interdependent dimensions of social justice that characterize the ways in which societies are governed and the form that implicit social contracts take. These are: universal human rights and capabilities; equal access to opportunities; fair distribution; and just transitions. We need to renew the social contract on the basis of these dimensions.

76. We know that our current social contract is fraying. We need to find a way to stitch back together the fabric that holds us together as communities and nations of people, reinforced by solidarity at the international level, by renewing the social contract. Three key threads, or components, will enable us to do this, as described below.

- **Accountability.** We each have a role to play. As governments and employers' and workers' organizations, we have duties to ourselves and to each other. Being accountable will involve a redoubling of efforts to assume our respective responsibilities within a renewed social contract and a commitment to accountability for actions within and beyond jurisdictions, transparency and, of course, access to justice as a basic principle of the rule of law. It may require additional investment in both normative and social dialogue mechanisms at all levels. It will certainly require an effort to cooperate, collaborate and compromise, as we work to tear down the walls of mistrust and recommit to a future in which rights, responsibilities and prosperity are shared by all, and not just concentrated in the hands of a few.
- **Adaptation, responsiveness and inclusivity.** This component involves continued efforts to ensure that our shared responsibilities under a renewed social contract are commensurate with our shared expectations. It should prompt us to fill regulatory and policy gaps, where these exist. In so doing, we will need to give priority to addressing what our initial social contract sought to correct, namely the imbalances in labour markets arising from and feeding structural inequality and exclusion that can compromise longer-term commitments. Attention should be given, as called for in the Centenary Declaration, to ensuring: the adequate labour protection of all workers, including respect for their fundamental rights; an adequate minimum wage, statutory or negotiated; and maximum limits on working time. In ensuring effective action to achieve the transition to formality, attention must be given to workers and enterprises on the fringes of existing social contracts, including migrant workers and refugees, domestic workers

and home workers, rural workers, indigenous peoples, healthcare workers, seafarers and those working in small and medium-sized enterprises.

- **Expansion of our ambition of achieving coherence between social, economic and financial policies.** More extensive action and capacity will be needed, with greater powers of persuasion, to navigate the transitions and transformations that threaten to overwhelm our traditional policy interventions. This component will require, as the Declaration of Philadelphia gives us the mandate to do, the examination of international financial and economic policies to assess if these meet the fundamental objective of social justice. It will require improved data collection, analysis and research in respect of development spending gaps and recommendations to be made in this regard. Lastly, it will require the consideration of all relevant economic and financial factors, and recommendations that can drive social dialogue at all levels to renew the social contract, including, for example, on the expansion of fiscal space, tax reforms, debt restructuring and financing for social objectives.

77. In a climate of insecurity, instability and uncertainty, it is my view that there are green shoots of renewal at the ILO that may mark a turning point for the rest of the international community. We are seeing a growing convergence among those who speak for the real economy – representatives of governments, employers and workers who transform the commitments made in multilateral forums into practical policies and programmes that work for people – around the need for a renewed social contract and the areas and issues requiring attention in such a rebalancing and renewal. These voices need to be heard. This real-world knowledge needs to shape the path our leaders will decide to take.

78. Let us, then, consider two questions. The first is **how should we go about renewing the social contract?** Renewing the social contract is fundamentally about investment in people, in their rights and capabilities, in their opportunities to secure employment and live productive lives, in their capacity to enjoy a just share of their contribution and the fruits of progress, and in their capacity to enjoy protection against risk of loss of income and protection in old age. It is also about investment in the capacities and support that both people and economies need in order to navigate their way through the many transitions ahead. Many of these priorities were discussed in the preceding chapter.

79. There will be differences and contestation over these priorities among and between governments and employers' and workers' organizations. We must make a commitment to resolve these differences through social dialogue, as the proven means to renew the social contract.

80. There have always been contested interests: over the pace of development; over the appropriate institutions in which to embed our societies and economies so that all can pursue their material well-being in conditions of freedom and dignity, economic security and equal opportunity; and over how to ensure that all can enjoy a just share of the fruits of progress. Through social dialogue, although contentious at times, trust has been built, international norms have been established and policies and measures have been implemented at the national level that have improved the working lives of billions of people and spurred the productivity and well-being of nations. We have used social dialogue to reinvigorate our mandate in the face of globalization and, most recently, to shape a future of work involving technological, environmental and demographic transformations.

81. Today, we need to reframe our social contract using social dialogue, to make it the cornerstone of a human-centred approach to the transformative changes taking place in the world of work that are driven by technological innovations, demographic shifts and environmental and climate change. It is through the efforts of the ILO, which exemplifies a model of global dialogue, that a renewed and democratic multilateralism can be achieved.

82. The Global Coalition for Social Justice will spark many new initiatives to support social justice and decent work and will breathe new life into existing ones. The aim is to achieve a shared vision of some of the challenges around which many partners will coalesce – from ensuring a just transition to addressing inequality.

83. The Second World Summit for Social Development, to be held in 2025, is the greatest opportunity of our time to turn the tide. We must not, and cannot, miss this opportunity.

84. We also know that we will need a strengthening of international cooperation and a reform of the international financial architecture to ensure that countries can invest in the social policies and institutions needed to advance social justice and finance a just transition at the national level – rather than invest in the servicing of debt to the point of distress. These policies and institutions must deliver a floor of adequate protection and opportunities for all workers, and indeed opportunities for all countries and all businesses. The ILO's latest report on the financing gap showed that the costs of investing in a global social protection floor are not insurmountable and yet the social, demographic and economic effects are significant. For Africa, for example, in 2024, the annual cost of ensuring universal access to old-age pensions set at the national poverty line would represent a mere 0.9 per cent of gross domestic product and approximately 9.7 per cent of global annual official development assistance. Add to this investment under the Global Accelerator on Jobs and Social Protection for Just Transitions, and we are talking of transformative change.

85. The second question is **how can we amplify the voices of the real economy?** The ILO's Working Party on the New Social Contract for Our Common Agenda offers an opportunity to prioritize and provide tripartite input from actors in the world of work to the Second World Summit on Social Development in 2025. These priorities and the road map that you will lay out will be the outcome of the expression of divergent interests and involve much contested terrain. But therein lies its strength. Once agreed, it is you, as the agents of change, who will advocate for such policies with other partners and actors and of course be responsible for the implementation of those measures that lie within your own domain. National tripartite dialogues are being organized in some countries to provide national contributions to this global reflection.

86. We have the institutional means to forge consensus, accelerate actions and fulfil our mandate for social justice through the renewal of the social contract – including by deepening engagement with other critical actors as envisaged in the ILO Constitution. Let tripartism not be some outdated modus operandi; let it be our strength.

87. We need to revitalize tripartism and the employers' and workers' organizations that underpin it. These democratic institutions are incomparable to other collective social institutions. They provide a unique legitimacy to a voice that must be heard. They are the basis for rebuilding trust. As actors, you – employers' and workers' organizations – need to revitalize your organizations and recommit to social dialogue founded on freedom of association. And you – governments – must provide the enabling environment and institutions for tripartism and social dialogue to realize their full potential. In this way, the ILO and its constituents can play a formative role in shaping and renewing the social contract at the national level – backed up by technical assistance from the ILO.

88. Just under 30 years ago, in 1995, it was at the first World Summit for Social Development that the global community took what seemed to be a small step forward and articulated a set of core labour standards. [22] Today, we have the ILO Declaration on Fundamental Principles and Rights at Work (1998), as amended in 2022, that all ILO Member States, by virtue of their membership, have an obligation to respect, to promote and to realize. In 2022, the global community agreed to add a safe and healthy working environment as the fifth fundamental principle and right at work. Now is the time to reflect on the next social and environmental flagstones that we need to lay down, as we renew the social contract.

[22] Governments made a commitment in the Programme of Action of the World Summit for Social Development to enhance the quality of work and employment by "safeguarding and promoting respect for basic workers' rights, including the prohibition of forced labour and child labour, freedom of association and the right to organize and bargain collectively, equal remuneration for men and women for work of equal value, and non-discrimination in employment, fully implementing the conventions of the International Labour Organization (ILO) in the case of States parties to those conventions, and taking into account the principles embodied in those conventions in the case of those countries that are not States parties to thus achieve truly sustained economic growth and sustainable development." See United Nations, *Report of the World Summit for Social Development*, Ch. I, resolution 1, annex II, para. 54.