

Work in transition(s): new social contract and democracy

Keynote address by Azita Berar

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Thank you to Christine Lutringer for this generous introduction and to Maria Mexi for organizing this talk and Panel.

It is a privilege for me to participate in this event organized during the Democracy Week, at the Graduate Institute, by the AH Center on Democracy. I regret that I could not participate in person.

Work transitions, social contracts and democracy raise complex set of questions that interact in multiple ways. In this brief talk, I certainly will not be able to do justice to the array of conceptual and analytic issues implied, nor to give many examples of the diversity of realities lived in different parts of the world and by different groups of people.

I will highlight instead, a more macro and global picture of Work Transition(s). And make two points.

First, while digital technologies are so pervasively transforming our patterns of work and life, I wish to emphasize that ***there are multiple OTHER transitions that have been at work over the last decades that shape the labour market outcomes we see today, the meaning of work and the way humanity and society organize and share the fruits of work.***

Second, I wish to point out to the importance of the moment and the juncture, we live through, and how the nature of conversation has shifted, ***not least because of the COVID-19 Pandemic.***

These are no ordinary times, a lot of certainties are being eroded, anxiety about the future, future of work, future of the planet, is running high. More significantly, ***there are not many alternative narratives or even utopian models, that galvanize hope, energy and trust and replace fear with dreams for the future.***

Disappointment from work: - scarcity of opportunities to access meaningful, stable and decent work; insecurity of returns and incomes, and inadequate conditions of work, for large swathes of populations in the global North and Global South- ***plays a large part in this overall picture of uncertainty, socio-economic insecurity and mistrust in policies and institutions.***

We all know too well, how ***these grievances are impacting the political systems, weakening democracies, and are instrumentalized by populist movements and demagogic discourse.***

Before the COVID-19 Pandemic became the planetary concern, **debate on Future of Work (FoW)**, among academia, policy actors, and media, focused primarily on the potential job destruction and replacement effects of robotics and artificial intelligence AI.

The technology-centered FoW debate neglected or underplayed, what in my view is a key dimension- the policies, institutions and governance frameworks- the context- in which these technologies are introduced. Policies and frameworks, which determine the pace of their adoption and ultimately their exclusionary or inclusionary impact.

The rapid growth of digital labour platforms- “crowd work”, online “web-based” and “location-based” platforms such as Uber or food delivery services- ***is generating a host of other problematic issues.***

Let me pick three:

- 1) ***the blurring in status of dependent worker or self-employed***, which has many implications for establishing responsibilities and liabilities.
- 2) ***the use of algorithms*** in some of these crowd-work or micro-task platforms with all the biases embedded, ***for assessing human work performance and dues***, across numerous countries and continents. Putting into question even further, ***the role of humanity and humans in work relationships?***
- 3) And of course most importantly, ***the void of agreed and negotiated governance rules***, where engagement modalities are ***unilaterally determined*** by platform owners.

In my view however, the real disruptive transition in work and in work-related governance, started earlier, mid-70s with the rapid spread of what is called now “hyper-globalization” model and the “neo-liberal” economic policies that sustain it.

The fragmentation of production systems and different business functions along global value chains, operating across many different national jurisdictions, has transformed radically the international division of labour and the profit sharing structure. This transformation was sustained by ***liberalization of trade, financial and investment policies, that favored countries with least taxation and labour regulation and protection,- which in turn created the dynamics of the “race to the bottom” in a hyper-competitive environment.***

This new policy framework – that has been by and large successfully disseminated across the globe- ***structurally weakened - the post-World War II governance consensus in the world of work***, based on the cooperation amongst the three parties (government, employers and workers) to negotiate and bargain for fair sharing in growth and productivity gains, including those accruing from technological developments.

A consensus on strategies and governance rules that could pursue in tandem economic growth, full employment, worker protection, welfare provision and improved living standards is broken. A model, that delivered for a good part in Western democracies during the “glorious thirties” or “les trente glorieuses” in French, and - held the same promise - of similar trajectories of convergence in the Global South.

Today, there is a shared diagnostic amongst social scientists including economists of all streams, –the phenomenon is rare and deserves to be underscored! - that Globalization policies of the last three decades, by and large, have not delivered on jobs, neither regarding employment levels nor with respect to the quality of jobs, incomes and conditions of work.

The fault lines of **gender, race, ethnicity, education, age, at both extremes, young and old, ...show that for a large number of people, “Work” is not playing- as it did and as it should- its inclusionary and redistributive function, and the promise of social upward mobility within and across generations.**

There is a plethora of factual evidence to illustrate these trends. Let me mention only two :

- 1) The first indicator : ***the Labour income share in total income that has been on a declining trend, in spite of major labor productivity gains accrued in the same period of hyper- globalization. This trend is a major contributor to the rise in extreme income inequalities, that we are***

observing and in contrast with the direction of the trend prior to this era of hyper-globalization.

- 2) **The second indicator is Informality**: those working and producing in the informal economy today account for over 62 percent of the global workforce! with no or limited access to development opportunities and to protections that accrue to formal work and business operations. **The phenomenon of informality which for many decades, was associated primarily with developing country conditions, is reemerging in various guises including in advanced economies and including in the digital gig economy .**

Better than indicators, I would like to borrow the metaphor, widely used to illustrate the fragmented world of work we have, ***“islands of productive, high-wage activities in a sea of poor jobs and pockets of unemployment” where “individuals swim as they can and surf over recurring crises”.***

This picture holds true for the Global North and the Global South with all the variations and nuances of geography, culture and policies that should be borne in mind, to qualify the local realities.

While all the range of new technological developments, including the much decried robotics and AI, have the potential to create more jobs and to promote more inclusive labour markets and societies, ***it is readily apparent that, the new generation of digital technologies introduced in the highly polarized and competitive context, that I very summarily depicted, will only strengthen the polarization of our society and trends in wealth, market and power concentration.***

Let me now turn to some good news. Because, there is!

Understanding the Moment is also about appreciating, how the conversation has shifted since the onset of the COVID-19.

The Pandemic, with all its deleterious impact on health, work and life , has had – a positive outcome - by exposing in a flagrant and undisputable manner, the structural inequalities that pre-existed COVID-19, and in particular by compelling reflection on the drivers and causes of widening social inequalities.

It is at the same time giving a higher moral imperative to the public demand for fairer and more sustainable societies. From different corners, calls abound to “revisit” and “renew” the “SOCIAL CONTRACT”.

Interestingly, these calls, publications, initiatives, arise from so many different sources : from academia, civil society, public authorities, private sector- major corporations as well as small enterprises - unions , international organizations, not only those who have been at the forefront of social justice mandate, but also mainstream financial institutions , and so on-...

So Understanding the moment for me is also about the positive burgeoning of ideas and proposals and announcements, in sum the building blocks of a new social contract .

Naturally, the renewal of social contract means different things to different people.

Some ideas are not new. They have been around for some time but have regained in vigor and are making their ways into policy.

In the new policy discourse and debate however, **there is a higher recognition of the systemic vulnerabilities and a central focus on transitions in work and the governance infrastructure .**

The unprecedented efforts – in financial terms as well as in scope of operations - of the Rescue and Recovery Programmes in response to COVID’s impact on jobs and the economy–has shown the range of policy options that have always been available.

.....and the possibility of breaking through some of the policy taboos of the previous decades, such as the role of the State and regulatory frameworks, the limits on the public debt or taxation (domestic, international) and so on...

It will be impossible to go through all what is on the table, let me mention some in a random order, the proposals that include:

- antitrust regulation,
- policy frameworks for incentivizing investment for transition to low carbon economy and in the care economy- two areas with high job creation potential and high social returns;
- Basic Universal Income, Universal Health Insurance coverage,

- Redefining the contours and space for participatory local democracy, social economy and social entrepreneurship
- ...

Conspicuously however, there is not enough innovation with respect to youth. The majority of proposals concern education and skills.

Policies and strategies to promote equal opportunities to access **quality education and skills development, -including for closing the significant digital divide- is a necessary condition but not sufficient- to overcome major transitional gaps and limbo that youth, in their diversities, are experiencing.**

The 2007/08 global financial crisis revealed how the nature and pathways of school-to-work transitions have changed, become more difficult with uncertain outcomes, including for the educated youth.

After a decade only, youth have been particularly and more severely hit by the COVID-19 crisis in their education, access to decent jobs, incomes and socio-psychological health.

And by now, it is well established that young women and men entering the labour markets in times of crisis, endure long-term scarring impacts in terms of quality of jobs and wages.

The demands for Freedom, Democratic Rights and Decent Work were voiced, in tandem, by youth during the waves of the Arab Spring uprisings, a decade ago and since then, in youth protests that are regularly occurring in different regions. Numerous studies, surveys, opinion polls on youth transitions carried out since, reveal ***the extent to which, in youth perceptions and expectations, the issues of work with purpose, rights, space for meaningful civic engagement and political participation, are intertwined.***

At a time, youth are showing their incredible convening and mobilizing power for the planet and for environmental transition, any renewed social contract should not only make a larger space for supporting youth's own multiple transitions, but also engage their critical and constructive thinking in **influencing the governance norms and ethics of these massive and concomitant transformations.**

Let me end this note, by throwing a few questions:

Will this extraordinary moment be seized?

Will the changes of mindset or policy paradigms endure the crisis response?

Is the pendulum swinging towards rehabilitating the objectives of full employment, universal access to social protection including through policies that diffuse more broadly and fairly, the higher productivity achieved through technology?

Will the values of social justice and just transitions , “human-centered” or “human in command” shape **the new economic and social and political model**?

And the biggest challenge of all- how the models of social democracy and political democracy can be retooled and trusted in the present fraught social, media, and political environment and amid geopolitical tensions?-

Will these changes impose themselves through leadership, multilateral cooperation or through more crises and social upheavals?

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