



**Extract from the report:**

Spotlight on  
**Global Multilateralism**

Perspectives on the future  
of international cooperation  
in times of multiple crises

# A New Social Contract for a gender-trans- formative agenda: the perspective of the global labour movement

BY PAOLA SIMONETTI  
AND GIULIA MASSOBRIO

# A New Social Contract for a gender-transformative agenda: the perspective of the global labour movement

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The world is facing a convergence of interconnected global crises that are taking a devastating toll on people and the planet and turning decent work into an illusion for the majority of workers. Faced with such a context, the ITUC calls for a renewed multilateralism to support a New Social Contract based on six key demands: 1) the creation of decent and climate-friendly jobs with just transitions; 2) rights for all workers; 3) minimum living wages and equal pay; 4) universal social protection; 5) equality; and 6) inclusion.

The workers' call for a New Social Contract is making its way into key global policy discussions, such as the UN Secretary-General's "Our Common Agenda" proposals and the UN Global Accelerator on Jobs and Social Protection for Just Transitions. Still, in order to achieve the 2030 Agenda, national governments urgently need to step up their commitments and work together with social partners to build transparent, inclusive and gender-transformative multilateral frameworks under the UN leadership.

## The "polycrisis" era

We have entered 2023 with a series of concurrent and interlinked global crises: the so-called "polycrisis", referring to "a cluster of related global risks with compounding effects, such that the overall impact exceeds the sum of each part".<sup>1</sup>

COVID-19 is far from over. In the last three years, the death toll from the pandemic is in the millions, hundreds of millions of jobs have been lost, and billions of people in developing countries remain excluded from decent jobs, vaccination, and medical care. Moreover, the responses of many governments,<sup>2</sup> and of international financial and trade institutions, have been manifestly inadequate.

Conflict and violence are on the rise. The world is facing the highest number of violent conflicts since World War II, and two billion people live in places affected by conflict.<sup>3</sup> Among these conflicts is the Russian aggression against Ukraine, which has dire global implications in terms of access to both food and energy.

The negative impact of climate change is accelerating and destroying lives and livelihoods. The need to end our reliance on fossil fuels could not be more evident. Yet countries are backtracking on their commitment to phase out coal instead of switching to renewable energy.<sup>4</sup>

Democracies and the rule of law are increasingly under attack. Even before the pandemic, massive inequality – income, racial and gender – was already

<sup>1</sup> World Economic Forum (2023), p. 57.

<sup>2</sup> ITUC (2020), ITUC (2021/2022)

<sup>3</sup> UN Security Council (2023)

<sup>4</sup> ITUC (2022a)

driving an age of anger with civil unrest and distrust in democracy. Racism, discrimination and oppression cost lives, as the persecution of Irani and Afghani women dramatically shows.

The world of work has paid a high price. Global economic growth in 2023 is estimated to be under 2 percent, with serious implications for employment creation. The global jobs gap stood at 473 million people in 2022,<sup>5</sup> two billion people are trapped in the informal economy and most of the world's population lacks social protection.

The ITUC Global Monitor on SDG 8 shows that the world is not progressing when it comes to economic well-being, employment quality, labour vulnerability and labour rights.<sup>6</sup> On the contrary, the ITUC has recorded that the crises have exacerbated a decades-long trend in the erosion of workers' rights,<sup>7</sup> as well as a century-long decrease in the labour share of GDP.<sup>8</sup> In other words, hundreds of millions of people are unable to meet their basic needs. Women workers are particularly affected, as they face structural gender-based discrimination, which explains why the global gender pay gap is still above 20 percent and the labour force participation gap lies at 27 percent.<sup>9</sup>

In addition, the current energy crisis and rising inflation are further eroding the purchasing power of workers and their families.

Against the backdrop of this grave scenario, the current international cooperation trends seem unable to provide effective solutions.

The number of countries facing economic collapse under the weight of unsustainable debt is growing.

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5 ILO (2023)

6 The ITUC SDG 8 composite indicator covers 145 countries corresponding to more than 97% of the world population and is calculated on the basis of four sub-domains related to: Economic Well-Being, Employment Quality, Labour Vulnerability and Labour Rights. See <https://oecd-development-matters.org/2021/07/20/a-new-social-contract-for-a-job-rich-recovery/>

7 ITUC (2022d)

8 ITUC (2022b)

9 ITUC (2022e)

Ongoing global crises are pushing more and more developing countries into debt distress and default, and the spectre of another 'lost decade' in progress towards the SDGs looms. Yet, the international financial system has fallen far short of what is needed to deliver long-term solutions for debt relief and sustainability.<sup>10</sup>

The ambition of "moving from billions to trillions"<sup>11</sup> through the mobilization of private finance seems simply not realistic without a strong broader sustainability perspective in line with the SDGs – including social impacts, such as impact on job creation, income equality and a just transition.<sup>12</sup> Moreover, closing the SDG financing gap requires significantly stepping up public concessional finance, including through multilateral development banks offering long-term and counter-cyclical financing to developing countries.<sup>13</sup>

Last but not least, the financing commitments through development cooperation have been so far delivered too little, too late. The target of achieving 0.7 percent of Gross National Income (GNI) to Official Development Assistance (ODA) is far from being met.<sup>14</sup> The same is true for the missed objective of US\$ 100 billion climate finance by 2020, which has now been extended to 2025.<sup>15</sup>

### **A New Social Contract is a must, and it is feasible**

At the 2023 World Economic Forum in Davos, the UN Secretary-General António Guterres rightly stated:

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10 UNCTAD (2023)

11 The stated ambition taken by the World Bank, the International Monetary Fund and several other multilateral banks in their 2015 joint discussion note "From Billions to Trillions: Transforming Development Finance" was to leverage private finance in order to meet the 2030 Agenda. See IMF/World Bank (2015).

12 ITUC (2021)

13 There are more than 400 development banks in the world, representing cumulative assets of more than US\$ 11.4 trillion. With their capital provided by governments, development banks make commitments each year of US\$ 2 trillion, or 10% of the world gross fixed capital formation.

14 ODA in 2021 represented only 0.33% of donors' combined Gross National Income (GNI). See OECD-DAC (2021).

15 Achampong (2022)

It would be difficult to find solutions to these global interlinked problems in the best of times, and in a world that would be united. But these are far from being the best of times – and the world is far from being united. Instead, we face the gravest levels of geopolitical division and mistrust in generations.<sup>16</sup>

Global crises require global solutions. This is precisely what multilateralism should deliver: collective solutions that work for people and the planet.

For the ITUC, one such collective solution is to embrace a “New Social Contract”, as the commitment to realize six worker demands:

**Creation of decent and climate-friendly jobs with just transition:** industrial transformation to achieve net-zero carbon emissions, along with investments in strategic economic sectors, such as the care economy, the green economy and sustainable infrastructure.

**Rights for all workers,** regardless of their employment arrangements, to fulfil the promise of the ILO Centenary Declaration with its labour protection floor including rights, maximum working hours, living minimum wages and health and safety at work.

**Minimum living wages and equal pay policies,** by enforcing statutory minimum wages that guarantee dignity for all workers and their families, and putting forwards equal pay policies to guarantee equal pay for work of equal value.

**Universal social protection,** including the establishment of a Social Protection Fund for the least wealthy countries.

**Equality:** ending all discrimination, such as by race or gender, through inclusive labour market policies, redistributive public policies, and collective bargaining.

**Inclusion:** ensuring a truly inclusive multilateral system, engaged in redressing the current imbalance of power and wealth, and where developing countries have the policy space to define their developmental

models and use social dialogue as a key means of implementation of the 2030 Agenda.<sup>17</sup>

A New Social Contract is not only a moral must. It is also financially feasible if we succeed in establishing a stronger and inclusive multilateral system based on shared prosperity rather than austerity, with strengthened development cooperation, sustainable and fair mechanisms for sovereign debt restructuring, fair taxation and trade rules that allow policy space for industrial policy, along with due diligence laws for business accountability.<sup>18</sup>

### The central role of the United Nations in realizing a New Social Contract

Workers’ demand for a New Social Contract is central in the UN Secretary-General’s report “Our Common Agenda”, with its call for universal social protection, decent work, labour protection floors with just transition, and a renewed multilateralism based on solidarity.<sup>19</sup>

It is also increasingly visible in the discussions of the UN Commission on Social Development, whose 2021 and 2022 session recognized the need for “adequate labour protection to all workers”, social dialogue, minimum wages and investment in care and the fight against violence and harassment.<sup>20</sup> Another key UN-led process, the Financing for Development Forum, recognized in 2022 the value of investing in the care economy and tackling the gender pay gap.<sup>21</sup>

Furthermore, the targets of the “Global Accelerator on Jobs and Social Protection for Just Transitions”, launched by the UN Secretary-General in September 2021, match the trade union demands for a New Social Contract.<sup>22</sup>

<sup>17</sup> ITUC (2022)

<sup>18</sup> ITUC (2022g)

<sup>19</sup> See <https://www.ituc-csi.org/ituc-welcomes-un-secretary-general-report-to-accelerate-the-2030-agenda>

<sup>20</sup> UN (2022), p. 27 and <https://www.un.org/development/desa/dspd/2023/01/csocd61/>

<sup>21</sup> <https://www.un.org/development/desa/financing/events/2022-ecosoc-forum-financing-development/>

<sup>22</sup> ITUC (2022h)

<sup>16</sup> World Economic Forum (2023a)

For instance, the Accelerator sets out a target to create at least 400 million jobs by 2030, primarily in the green and care economies. ITUC research shows that a repeated annual increase in public spending by just one percent of GDP within the care economy, the green economy and infrastructure would yield major economic returns that exceed the initial level of investments made.<sup>23</sup>

The care economy is particularly crucial to realize the ambitions on the participation of women in the labour market and on building fairer and more inclusive societies, as two-thirds of the global care workforce is composed of women, often trapped in underpaid, precarious and informal jobs. At the same time, the employment creation potential is huge. The ILO estimates that a global investment in universal childcare and long-term care would create 280 million jobs by 2030 and would boost the employment rate of women by 78 percent, with 84 percent of the jobs being formal.<sup>24</sup> As shown in a recent ITUC report *“Putting the Care Economy in place: Trade Unions in Action Around the World”*, trade unions have been at the forefront of initiatives to implement comprehensive care economy frameworks through collective bargaining and social dialogue.<sup>25</sup>

Moreover, the Accelerator calls for extending social protection floors to about four billion people currently not covered by any measures. ITUC research has shown that closing social protection funding gaps is a social and economic investment. For example, estimates for Bangladesh show that increasing social spending by 1% of GDP alone would lead to a 13% reduction in poverty, a 1.9% increase in tax revenue, and a 1.5% increase in GDP – thereby fully compensating the increased costs.<sup>26</sup>

Finally, the Accelerator recognizes the importance of social dialogue among governments, workers’ and employers’ organizations in the design of jobs and social protection policies.<sup>27</sup> In fact, social dialogue is

integral to the promotion of decent work for all and, by bringing together social partners and institutions, it is also a pillar that supports fundamental freedoms and strong institutions as outlined by Sustainable Development Goal 16.

### A renewed multilateralism as the way forward

Witnessing the New Social Contract progress into global policy discussions is encouraging. However, national governments urgently need to step up their commitments to deliver on the 2030 Agenda if they are to make tangible headway. More inclusive multilateral frameworks with stronger accountability mechanisms will be key for any future agenda on sustainability.

In its 2022 World Congress, the ITUC reaffirmed its commitment to multilateralism and its support of the United Nations “as the peak multilateral body”. However, the ITUC also stresses that the UN reform “must increase accountability and effectiveness, recognizing the responsibilities of member states to support the UN Charter and its work”.<sup>28</sup>

The centrality of the UN will certainly need to be reinforced to deliver on existing and new commitments for a renewed global sustainable development agenda beyond 2030. The next couple of years will be the most crucial in that regard, with key possible appointments resonating across the global arena, such as the 4<sup>th</sup> Financing for Development Conference and the World Social Summit.

We need a new model of global governance to redress the current imbalance of power and uneven distribution of wealth at an international level. A truly inclusive multilateral system where social partners are on board and have a say will make the difference and pave the way to global resilience.

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23 ITUC (2023)

24 ILO (2022)

25 ITUC (2022f)

26 ITUC (2022c)

27 ILO (2022a)

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28 <https://www.ituc-csi.org/5co-final-statement-en>

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