



A New Social Contract

AS THE WORLD seeks to address the rise of populism and nationalism, it is becoming clear that economic insecurity lies at the heart of much of the discontent. In the wake of the global financial crisis, voters in wealthy countries began to lose faith in the state's ability to protect them. The profound changes sweeping labor markets, caused by the rise of technology and continued globalization, have only deepened this anxiety. At the same time, people in poor countries still have not attained even basic standards of living, with many risking their lives in search of a more prosperous future.

This has prompted many to rethink social protection. In this issue, *F&D* shines a spotlight on this work. We do so in partnership with the London School of Economics and Political Science (LSE), which last year launched a research project to redefine the welfare state.

"A new social contract is essential to restoring a sense of security and sustaining political support for open economies and societies," writes LSE Director Nemat Shafik. But what does such a contract look like in practice? In the gig economy, the responsibility for looking after workers has blurred. And as automation marches on, some workers find themselves marginalized, with no prospect for employment at all. Population aging increases the burden of caring for the elderly, while the pool of younger workers shrinks. Advances in health care mean we can all live longer. Yet even basic care remains out of reach for many poor people.

Whether through universal basic income, better targeting of existing safety nets, more investment in education and health, or a combination of all these policies, each society will need to find an answer that works for its unique characteristics. That same principle applies to the vexed issue of how to pay for social protection. Ultimately, it comes down to political choice. In this age of insecurity, we should act now to strengthen the bonds that unite us. **FD**

CAMILLA LUND ANDERSEN, editor-in-chief



ON THE COVER

The changing nature of work is challenging the effectiveness of industrial-era social insurance policies. Michael Waraksa's December 2018 *F&D* cover highlights the stark difference between those who are covered and those who are left to weather the storm.

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