

Post-Crisis Reality Requires New Social Contract

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- The new post-crisis reality forces governments to create conditions for growth and not intervene in business
- It also requires companies to operate with integrity, create jobs and promote sustainability

Davos, Switzerland 28 January 2011 – Governments and businesses should start revising their social contracts with their stakeholders in the light of the new realities of the post-crisis world, participants at the World Economic Forum Annual Meeting in Davos were told today.

“ The new contract has to move beyond the rulers and the ruled, ” said Prime Minister Abhisit Vejjajiva of Thailand. “ We ’ re all partners now. ” The state should not intervene in the private sector, he declared, but should focus instead on creating the conditions that would allow companies to create employment and make profits for their shareholders.

“ The new social contract must recognize that governments do not create wealth as well as the private sector, ” said Abhisit. “ What governments do is to facilitate and to support. Therefore, the first obligation is that governments must create opportunities. That means human resource development, providing education and healthcare to make sure people . . . have the skills to have opportunities and jobs. ”

“ In the US, the social contract is adapting to a new set of circumstances that represent historic dramatic changes economically, technologically and in the rebalance between the West and the East, ” said Ronald A. Williams, Chairman of Aetna, USA. The corporation has the obligation to operate with integrity, to create jobs and to operate in a sustainable way in the context of resources and risk.

The new social contract should also recognize that “ jobs are more flexible, service-oriented, short-term, informal and increasingly held by women, ” said Michelle Bachelet, Undersecretary-General, United Nations Women (UN Women), New York. The state must protect the vulnerable members of society and that means providing access to education, healthcare and other social safety nets.

“ Governments not only have to create conditions for prosperity in the economy and deal with the most disadvantaged in society, but must also ensure investment is made in health and other services, ” said Michael Porter, Professor at the Harvard Business School. “ At the same time, citizens must also be co-investors and participate in the process. They must have skin in the game and not simply be passive and entitled. ”

Notes to Editors

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World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, <http://www.weforum.org>