



The New Social Contract: Flex-Economy and Collaborative Diplomacy

Recovery from the coronavirus pandemic will require global collaboration, massive financial resources and flexible economies.

By [Ido Aharoni](#), Contributor April 17, 2020, at 7:00 a.m.

EVEN BEFORE [COVID-19](#), the unofficial "contract" between governments and citizens became increasingly unsustainable. The combination of rising life expectancy, fast-paced urbanization and a job market stripped from most of its traditional characteristics by artificial intelligence, was going to put pressure on the global system to produce a new order and a revised social and economic 'contract.'

What was the "old contract"?

It was a simple bargain: the government was to provide adequate health, education, opportunity and security. The people's side of the bargain was to be productive, law abiding and pay taxes. The entire concept of "social safety net" was based on the equilibrium promised by this classic model.

The problem is that when this model emerged, in the early 20th century, life expectancy was around 55 (projected to jump to 95 by 2050), the global population was under 4 billion (projected to hit 10 billion by 2050), urbanization was growing moderately (by 2050 75% of the world's population is projected to live in major cities) and the concept of an algorithm replacing humans was inconceivable.

No wonder, then, that this model has become obsolete. Governments did not prepare for an additional 40 years of social security and pension payments. Even with the most

moderate of growth projections, governments are still unable to meet the current demand caused by natural growth alone. The poor shape of health infrastructure worldwide, as recently exposed by the COVID-19 pandemic, is only one indication of many. The COVID-19 crisis not only exposed systemic deficiencies but also brought about an unprecedented global economic devastation. Its impact will stay with us long after the virus will be contained.

What could be the components of the "new contract"?

There are two strategies to handle the crisis and avert a possible global implosion. They combine a new form of both global economy and international relations based on solidarity and collaboration.

First, is the immediate implementation of a short-term economic crisis management strategy. In order to save their economies, governments will have to work against their natural instinct (to avoid debt) and flood their systems with money to allow the economic machine to survive. This is a critical time in history, where societies and economies need to fund major infrastructure investments. Massive self-funded investments – in health systems, transportation, civic infrastructure, educational systems and large-scale training programs of human resources – could serve as the new economic lifeline and a catalyst for future stability. In health infrastructure, for example, governments will have to invest massively in predictive medicine – mass testing and genome mapping - which will allow health systems to customize future treatment and better cope with the next pandemic.

Long term, we are more likely to witness dramatic and fundamental changes to the economy and specifically to the job market. Recovery will require the adaptability that comes with a flexible economy, where temporary and freelance jobs will emerge as major income sources. Resilience and flexibility go hand in hand. Governments will have to ensure that people's skills, institutions and markets will be able to sustain and absorb the inevitable destruction that will surely strike again.

The flex economy's virtual nature is also highly efficient and cost-effective. It's already happening in the gig economy. Fiverr.com is one of the most successful examples, where freelancers are connecting with clients or customers online. This type of physical and conceptual mobility can benefit creative minds, workers, businesses, and consumers by making work more adaptable to the needs of the post-COVID-19 world and the expected demand for flexible lifestyles. In addition, in the new unofficial "contract," global corporations will have to play a greater role by demonstrating flexibility when it comes to designing new "future of work" models, debt restructuring, etc.

Second, despite the concern, often expressed by Western mainstream media, that COVID-19 will boost nationalism, isolationism and anti-globalization, it seems that in order to overcome the crisis, governments will have to do exactly the opposite: engage in a collaborative form of international relations and science diplomacy based on global solidarity. The virus knows no national boundaries and physical isolation is unsustainable as a long-term remedy. Nations will have to gradually ease movement restrictions for the economy to survive. Post COVID-19 diplomacy will have to be based on sharing solutions, information, equipment, methodologies and even human resources. Global solidarity will become an existential must. Moreover, national and municipal governments will be measured and judged, by their own public in the first place, according to their level of preparedness for the next big pandemic, transparency and resilience enhancing strategies.

A combination of new global collaborative diplomacy, massive injection of financial resources and a flexible economy could help us overcome this unprecedented global crisis.

[Ido Aharoni](#) is a Global Distinguished Professor for International Relations at New York University, a member of the advisory council of APCO Worldwide and Chairman of the Charney Forum for New Diplomacy. He was Israel's longest serving consul-general in New York (2010–2016).

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