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OP-ED

It's Time for a New Social Contract

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As another turbulent year drew to a close and we brace for continued uncertainty, I ask with great urgency that we reexamine the system that binds us together.

The construct of the current system could deteriorate completely unless we act now to fundamentally transform the relationship between business, government, civil society, and individuals.

Trust in government **shrinks** as bitter political polarization **grows**, fueled by a sense of increasing inequity coupled with social stagnation and lack of opportunities.

Jobs are shifting as new technologies disrupt entire industries, wealth gaps stubbornly widen, while a climate catastrophe threatens humanity's future. The jobs created in the most dynamic sectors of the economy are out of reach for a substantial portion of the workforce and parents are discouraged about their kids professional prospects.



It's little wonder people don't trust their leaders because for too many the government and the economy hasn't worked – even before the pandemic fractured all of our lives. People have waning confidence in governments and taken to the streets, amplifying their messages on social media.

Protest movements of every stripe have grown exponentially in number and intensity in recent years. It's clear the status quo isn't working. But how do we fix it?

After more than three decades as a diplomat, helping to negotiate some of the world's most complex trade deals, and a year as PepsiCo's global chief corporate affairs officer, I still don't have the answers, but I do know it starts with a new social contract.

At the heart of a contract is a negotiation, and we cannot begin to create concrete solutions until everyone is at the table. Yet for too long, we've operated in silos, excluding businesses from the table, and working on different timelines with different goals.



It's time we forge a new relationship – one based on collaboration and accountability – because only then can we begin to rebuild trust and spark inclusive economic growth.

Central to this shift is the need for government and businesses to work as partners, while both must better engage the will of the people. This partnership must seek structural changes that aim at long-term solutions, free from the logics of electoral cycles.

As the pandemic, climate change, and the recent supply chain disruptions have repeatedly shown, our greatest challenges cannot be solved by government alone.

Businesses are essential to the solution. Amid the uncertainty of COVID-19 and the fragmented political landscape, polls show businesses emerged as the most trusted institution globally, filling leadership voids with their voices, finances, and resources to bring help and change to communities in need.



But businesses have not always acted responsibly. **Protests and boycotts have led companies to adopt better labor practices, minimize their environmental impact, focus on diversity and equity, and take a stand on key political issues.** Profits are not sustainable unless society as a whole thrives.

Citizen activists are driving this change by holding corporations – and government – accountable. But Instead of an adversarial relationship, we can expand on the work that activists and socially responsible businesses have started and create a collaborative relationship where businesses, governments, and civil society all have a seat at the table.



At the WTO I served as a broker or facilitator of deals. It was my job to bring people together and build consensus, even under the most challenging scenarios, when the negotiating parties had strikingly different perspectives and seemed to have no common ground whatsoever to work with.

Yet, against all odds, we still managed to achieve some generation defining agreements. Reaching a new social contract under today's fractured and highly polarized environment seems entirely out of reach. I am confident however that this is not an impossible journey if we focus on three key areas:

1

Collaboration and co-investment from all

Everyone cannot expect their perfect solution. Every side will have to compromise on different points if the deal is to be legitimate, long-lived and enforceable. None of us have all the answers or the resources, but by acknowledging our own and each other's strengths and weaknesses we can begin to move forward, restore trust, and build a global economy that works for all of us.



2

Operating with transparency and accountability

We must begin a dialogue between businesses, government, and individuals to create accountability. Greenwashing and marketing hype cannot be tolerated. Businesses must be open about their ESG efforts and impact – anything less fuels mistrust. So as businesses, we must work with stakeholders to create a new framework for how companies must operate, serving more than the bottom line and demonstrating transparency and accountability in how they serve society. On the other hand, inflexible and unrealistic propositions are non-starters, regardless of how desirable or transcendental they may seem. We must meet in the middle.



3

Disarming ourselves

The most effective way to find a solution as a negotiator is by listening. Behind even the most inflammatory language is common ground. So we must disarm ourselves, attacking less and listening more. That is the surest way to rebuild trust.





A new social contract will not be created overnight.

It is a process, an ongoing effort to transform our mindset – but one we must begin now. Our present trajectory is unsustainable. For the sake of my five – soon to be six – granddaughters and future generations everywhere, we cannot continue on this path for they will bear the costs of our mistakes or inaction.

Every new relationship begins with a conversation. The outcome is always uncertain but it will be better than what we'll be facing if we just stay on the current course. I believe a new social contract will drive systemic change, but this requires collective action.

The question is, can we come together to help move this forward? ”

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