

## Expanded abstract

### A new post-pandemic social contract. The role of the Social Economy

Beyond the insidious and morally contemptible personality of the authoritarian political leaders that have emerged in the last decade, the political “supply” of populism responds to a real “demand” for popular policies that exists in advanced societies. This demands a rebalancing of economic policies in favour of the working classes, the middle classes and the social groups that have not benefited from the economic growth of the last decades.

This social demand responds to an objective cause: the increase in inequalities and economic insecurity. Coinciding with the neoliberal shift in social and economic policies that accompanied the shift to conservatism in the late 1970s and with the hyper-globalization and the change of skin that global corporate capitalism experienced from the 1990s onward, large groups of middle classes in developed countries saw their jobs, their welfare, their opportunities, and the lifestyles of the communities in which they lived disappear or deteriorate. The Covid-19 pandemic has only accentuated these inequalities.

This malaise with inequality and economic insecurity is fertile ground for political polarization and authoritarian political populism. In this sense, inequality and economic insecurity have acted as a powerful solvent of the glue that every liberal society needs to function harmoniously, to make the market economy inclusive, and to prevent democracy from falling into the chaos of authoritarian populism.

The challenge now is to rebuild that glue, as it was done after the Great Depression of the 1930s and World War II. This essay argues, first, that this glue must come from a new post-pandemic social contract. Secondly, that the core of that new social contract is in the reform of the enterprise to correct the misallocation of surplus (value added) between wages, top management salaries and dividends.

The correction of this malfunctioning distribution requires investigating its causes. Here it is argued that there are two. On the one hand, the bias that capitalism acquired from the eighties in benefit of shareholders and to the detriment of workers, suppliers, customers and communities. On the other hand, that corporate concentration and the market power acquired by large corporations has led to stagnation of real wages and the precarization of employment.

The malfunctioning of distribution is not, however, the only source of inequality and economic insecurity. They also come from the malfunctioning of pre-distribution. To the extent that technological change has opened a gap between the capabilities and skills of the population and the professional profiles needed by companies, this gap brings about inequality of income and employment opportunities. On the other hand, the redistributive mechanisms of the Welfare State, both taxes and social programs, have seen their capacity to correct the inequality produced by the economy reduced.

To respond to this inequality and economic insecurity, the political offer of new social contracts is wide and varied: the neoliberal, the extreme right, the extreme left and the radical progressive. All try to respond to the problem of distribution, but they do so through different paths, depending on whether they emphasize pre-distribution, redistribution, or distribution. The historical experience of the 1930s teaches us that not everyone is well reconciled with the future.

A new progressive social contract must be based on the recovery of the fundamental role of the third pillar of prosperity: the Social Economy. Its abandonment in recent decades in favour of the market and the State is one of the causes of the inability of market economies to generate good jobs now.

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