

Election rage shows why America needs a new social contract to ensure the economy works for all

The recent U.S. election exposed two major intersecting fault lines in America that, if left unchecked, could soon produce an era of social and economic upheaval unlike any in our history.

First, it revealed deep divisions across racial, ethnic and gender lines that led to a surge in hate crimes last year, particularly against Muslims. Addressing this will require a sustained effort to heal these growing divisions and will be very difficult to resolve without strong leadership and a renewed willingness to listen to each other's concerns.

Second, it gave voice to the deep-seated frustrations and anger of those who feel left behind by economic forces and fear their children will experience a lower standard of living than they did.

The key to resolving this fault line – and the focus of this article – lies in mobilizing all sectors of society to work together to create good-quality jobs and get wages rising again for all. In short, America needs to build a new social contract based on mutual respect and attuned to the needs of today's workforce and economy.

What do I mean by that? A social contract is what ties together the main stakeholders of an economy, its workers, business leaders, educators and government, and ensures each group meets its obligations to each other while also pursuing its own goals. Workers, for example, want good wages and careers and have an obligation to work productively and contribute to the success of their enterprise. Employers have to balance the expectations of investors, employees and customers.

Unfortunately, America's social contract broke down in the 1980s when the gap between wage growth and productivity growth first started to appear, creating the conditions that spawned the frustrations we saw on the campaign trail this year. With the election of Donald Trump and a Republican majority in Congress, we should suffer no illusions that the process of building a new one will be led from Washington.

But as history teaches us, most social and economic shifts that improve lives don't actually begin with a national policy anyway...

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