

Globalization and the Future of Work – The Shared Need to Invest in Human Capital

Martina Gallego

Universidad Torcuato Di Tella

Executive Summary

International Media Centre – G20 Buenos Aires Summit. Underdevelopment no longer concerns just emerging nations, but also the most advanced and industrialized countries as well. On this occasion, the Argentinian presidency sought to add value to previous agreements by focusing on development from three different perspectives: Early Childhood Investment, Sustainable Habitat, and Inclusive Businesses. This effort constitutes a new initiative based on building an integrated and multi-dimensional approach to development, paying considerable attention to lessons learnt in previous summits.

There is a common denominator underlying these three approaches: the

shared need to invest in human capital and potential. Firstly, investment in early childhood seeks to enhance the human capital of the G20 countries by allowing young children to develop necessary skills that will enable them to compete in the labor market. Secondly, 'Sustainable Habitat', the following priority axis, intends to maximize the economic and social potential of all inhabitants by creating quality infrastructure. Finally, the Inclusive Business aspect of the Economic Development Agenda aspires to incorporate people living at the bottom of the pyramid, as well as women, into value chains.

Human Capital as Pre-Condition For Inclusive Economic Growth

Human Capital consists of the total sum of skills, knowledge, and habits of the world's population. Governments should have started investing more in people at least 20 years ago, but it is not too late to start doing it now. The pace of innovation and globalization is accelerating, modifying the skills required for future jobs, as well as the competencies needed to remain competitive in the global economy. Investing in us and our potential is just as important as investing in physical capital; it is time for countries to realize that these two concepts are complementary, rather than mutually exclusive.

The [Human Capital Report \(2017\)](#) published by the World Economic Forum, provides a ranking of countries according to their human capital development, which combines variables such as capacity, development, deployment, and know-how. According to this index, the G20 group as a whole has developed

66.5% of its human capital, so there is still considerable margin for improvement.

According to the [World Bank](#), today's world suffers from a large human-capital deficit. This is concerning given the globalized context in which we live in: the world keeps moving forward, and people could easily be left behind. In this sense, it is interesting to observe how the sustainable development agenda intertwines with other areas of the G20 Summit. For instance, by working on education topics, countries commit themselves to invest in building skills and knowledge for future generations, which goes hand-in-hand with early childhood investment. Health agreements also seek to fight malnutrition in order to provide every child with the chance of building a professional future someday. Also, digital economy commitments aim to ensure that everyone is capable of reaping the benefits of digitalization.

From this it follows that investment in people is a shared need between countries of all income-levels. Morally

speaking, every country – regardless of its development level - is required to contribute in this respect so as to reduce poverty and inequity. Economically speaking, even if returns of human capital investment cannot be seen in the near-future, governments need to stop taking the shortcut. Developing nations need to invest in health and education to build their future workforces, while advanced countries are required to invest in their population to remain successful and competitive in the world economy.

Previous Commitments

The development task force did not always exist at the G20 Summit, but was created in 2010 with the aim of ensuring sustainable development in emerging and low-income countries. Six years later, the G20 Action Plan of the 2030 Agenda for Development was established, and became the framework which G20 members have been using to make commitments and build mechanisms for cooperation. From that moment onwards, hosting countries have been adapting the

agenda to their needs, challenges, and priorities.

Since the G20 Action Plan of the 2030 Agenda for Development was brought into being, two summits took place: 2016 Summit in China and 2017 Summit in Germany. In both of them it is possible to find approaches that coincide with those chosen by President Mauricio Macri in 2018.

First of all, one of the topics highlighted by Xi Jinping revolved around Infrastructure. Specifically, the Chinese President required G20 countries to increase their investments in sustainable infrastructure, just as the Argentinian Presidency did with regards to building Sustainable Habitat. Comparatively, both nations believe that such actions will have a significant and positive impact on economic growth, poverty eradication, and climate change. However, President Macri decided to place more emphasis on the need to sustainably urbanize rural areas in order to enable the inclusion of marginalized areas of society. With regards to the

Hamburg Summit, this issue was not considered.

Secondly, both the Hangzhou Summit and Hamburg Summit made contributions towards Inclusive Businesses, with a focus on women, youth, and those located at the base of the social pyramid. Also, gender intersected both agendas, and was reaffirmed once again by the Argentinian Presidency on this occasion.

In sum, since 2016, emphasis has been placed on including people in the world economy. However, on this occasion Argentina decided to innovate by building collaboration on early childhood investment, which chronologically takes place before inclusion. This is strictly related to the country's needs: before thinking about inclusion in the labor market, Argentina needs to invest in the formative years of childhood. Due to poverty and the structural inequality in the country, a considerable percentage of Argentine children are denied the opportunity to acquire cognitive abilities because of not receiving proper care and

nutrition during their first 1000 days of life. This is something that has never been done before, until now.

Progress Towards Inclusiveness And Development - Buenos Aires G20 Summit

From the Global South, the Argentine Presidency seemed to understand that dialogue without consensus is not enough when it comes to establishing international cooperation. Therefore, the idea was to move beyond simple discussion and build real consensus for fair and sustainable development.

The G20 Leader's Declaration appears to be more people centered and forward looking than ever, and the countries' commitment to the 2030 Agenda for Development can be appreciated throughout the whole document. On the one hand, commitment was achieved to end all forms of discrimination against underrepresented and vulnerable groups by improving labour conditions for all. On the other hand, leaders agreed to promote coordination between employment and equitable education

policies. Both of these compromises aim to reinforce human capital investment.

On sustainable infrastructure for economic growth, the G20 endeavored to attract more private capital to infrastructure investment. Also, the summit launched for the very first time the G20 Initiative for Early Childhood Development, which consists of building up quality and sustainable financed early childhood programs. This proposal is expected to *'break the cycle of intergenerational and structural poverty'*, as mentioned in the Declaration.

Nevertheless, there are a few challenges to tackle ahead. Firstly, attaining all of these Sustainable Development Goals (SDGs) requires a great amount of fiscal resources to enhance social protection and infrastructure. Countries still need to figure out how to develop policies towards SDGs without raising additional revenues domestically in a desperate attempt to demonstrate their commitment to the summit.

Secondly, since the compromises achieved at the G20 are not legally binding for its members, developing a common template to report on the SDGs will be of utmost importance to achieve tangible results and policies in this respect. However, the Leader's Declaration failed to propose specific measures around this issue, which makes accountability mechanisms much more difficult to develop.

Final Considerations

The world already has enough agreements, conventions, and agencies focused on economic policy issues, but the problem here is that globalization threatens to decouple economic growth from social progress. In this respect, the G20 is urged to ensure that human flourishing will follow material prosperity.

Responsibility in a globalized world no longer rests solely on national bureaucracies, and consequently, accomplishing the SDGs will require national governments to work hand in hand both with civil society and the business community. The bases for



progress on Sustainable and Inclusive Development have been settled, but real change will now depend on how serious the commitments are and what is done after the forum.

From this it follows, once again, the importance of institutionalizing an accountability system to deliver a follow up of countries' compromises in these respects. Vague statements and lack of clarity with regards to suggestions for clear actions plans, together with non-

legally binding compromises, ultimately make some room for countries to acquire different levels of commitments. The SDGs are good, equitable, and fair, but politicians, businesses, and civil society still need to intensify their efforts and find a way to bind themselves to this agenda.

Martina Gallego is a final-year BA
International Relations and Politics
student at Universidad Torcuato Di Tella