

Rural Migration News

Blog 326

JULY 2023

ILO: 3.6 Billion Workers Worldwide

The ILO estimated that the world’s labor force was 3.6 billion in 2023, including 2.2 billion men and 1.4 billion women. The labor force participation rate, the share of persons 15 and older who are employed or looking for wage work, was 60 per cent, including 72 percent for men and 47 percent for women. Some 3.4 billion workers were employed and 200 million were unemployed, making the global unemployment rate six percent.

The ILO promotes decent work, defined as “productive work for women and men in conditions of freedom, equity, security and human dignity,” and further clarified as jobs that offer security, safe working conditions, and a fair income (the ILO has 10 indicators of decent work). The ILO estimated the decent work deficit at 500 million jobs, including 200 million jobs for unemployed workers and 300 million jobs for people who are not looking for work because they do not think jobs are available.

The ILO divides the world’s 200 countries into:

- low income countries such as Ethiopia and many other Sub-Saharan African countries

with a total labor force of 290 million in 2023,

- lower middle income countries that range from Bangladesh, India and Pakistan to Nigeria with a total labor force of 1.4 billion,
- upper middle income countries

- from Argentina and Brazil to Mexico and Thailand with a total labor force of 1.3 billion and
- high income countries including the US, Europe, and Japan with a total labor force of 640 million.

By region, the African labor force was 550 million in 2023, Latin America 320 million, North America 200 million, Arab states 65 million, East Asia 920 million, Southeast Asia 345 million, South Asia 745 million, Pacific 22 million, and Europe 365 million. Labor force participation rates vary by region, and are especially low for women in North Africa and the Arab states. In many low-income African countries, rural women are assumed to be employed in agriculture, which raises their labor force participation rate.

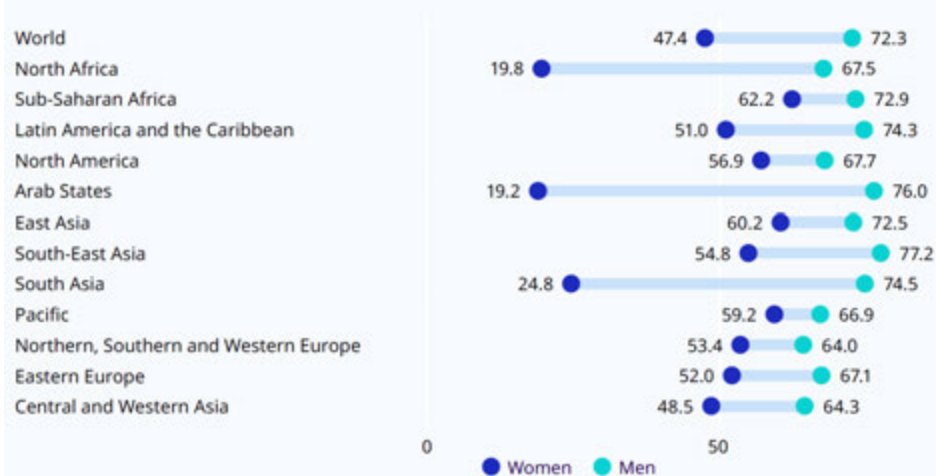
The ILO divides employed workers into several categories. There were 1.8 billion wage and salary workers around the world in 2021 and 1.5 bil-

60% of the World’s 15+ People are in the 3.6 Billion Strong Global Labor Force

Indicator	Group	Unit	2000	2010	2019	2020	2021	2022	2023	2024
Labour force	Total	Millions	2751.7	3159.0	3465.0	3411.5	3499.9	3564.7	3601.7	3640.5
	Women	Millions	1093.5	1251.5	1376.0	1346.7	1388.0	1416.8	1430.6	1444.4
	Men	Millions	1658.2	1907.6	2089.0	2064.8	2111.9	2147.8	2171.1	2196.1
	Youth	Millions	558.8	557.7	493.7	472.7	484.8	493.8	497.5	501.5
Labour force participation rate	Total	Per cent	64.2	62.0	60.2	58.6	59.4	59.8	59.7	59.6
	Women	Per cent	50.7	49.0	47.7	46.1	47.0	47.4	47.3	47.1
	Men	Per cent	77.8	75.2	72.8	71.1	71.9	72.3	72.2	72.1
	Youth	Per cent	51.3	45.6	40.7	38.8	39.6	40.1	40.0	40.0
Employment	Total	Millions	2584.6	2958.6	3273.1	3176.3	3283.5	3359.4	3393.4	3429.5
	Women	Millions	1025.6	1171.6	1298.8	1256.4	1301.5	1334.9	1347.1	1359.7
	Men	Millions	1559.0	1787.0	1974.3	1919.9	1982.0	2024.5	2046.3	2069.8
	Youth	Millions	491.9	484.1	426.1	395.0	413.5	424.8	427.3	430.4
Employment-to-population ratio	Total	Per cent	60.3	58.1	56.9	54.5	55.7	56.4	56.3	56.1
	Women	Per cent	47.6	45.8	45.0	43.0	44.0	44.7	44.5	44.4
	Men	Per cent	73.1	70.5	68.8	66.1	67.5	68.2	68.1	68.0
	Youth	Per cent	45.2	39.6	35.2	32.5	33.8	34.5	34.4	34.3
Unemployment	Total	Millions	167.1	200.4	191.9	235.2	216.4	205.2	208.2	210.9
	Women	Millions	67.9	79.9	77.3	90.3	86.5	81.9	83.5	84.7
	Men	Millions	99.2	120.6	114.7	144.9	129.9	123.3	124.7	126.3
	Youth	Millions	66.9	73.6	67.6	77.8	71.4	69.0	70.1	71.1
Unemployment rate	Total	Per cent	6.1	6.3	5.5	6.9	6.2	5.8	5.8	5.8
	Women	Per cent	6.2	6.4	5.6	6.7	6.2	5.8	5.8	5.9
	Men	Per cent	6.0	6.3	5.5	7.0	6.1	5.7	5.7	5.7
	Youth	Per cent	12.0	13.2	13.7	16.4	14.7	14.0	14.1	14.2

Female LFPRs Range from 20% in Arab States to Over 60% in SSA

Figure 1.6. Labour force participation rate, 2022, by sex, world and by subregion (percentages)



lion self-employed workers. About 220 million persons worked in 2021 but earned less than \$1.90 a day.

The ILO examined the school to work transition, the activities of youth aged 15 to 24, paying special attention to those in the 15 to 24 age group who are not in employment, education, or training, so-called NEETs. A quarter of 15 to 24 year olds globally were NEETs, including a third of women and a sixth of men in this age group. The share of NEETs among women was highest in South Asia at 50 percent, and the share of NEETs among 15 to 24 year old men was a third in the Arab states and South Asia.

54% of the World's Workers Earn Wage and Salaries; 46% are Self Employed

Wage and salaried workers	Total	Millions	1 146.3	1 429.4	1 754.3	1 695.4	1 755.2	
Self-employed workers	Total	Millions	1 438.3	1 529.2	1 518.8	1 481.0	1 528.2	
Share of wage and salaried workers	Total	Per cent	44.4	48.3	53.6	53.4	53.5	
Share of self-employed workers	Total	Per cent	55.6	51.7	46.4	46.6	46.5	
Extreme working poverty (<US\$1.90 PPP per day)	Total	Millions	666.9	405.9	218.8	228.3	220.6	214.3
Share of extreme working poverty (<US\$1.90 PPP per day)	Total	Per cent	25.8	13.7	6.7	7.2	6.7	6.4

Americas

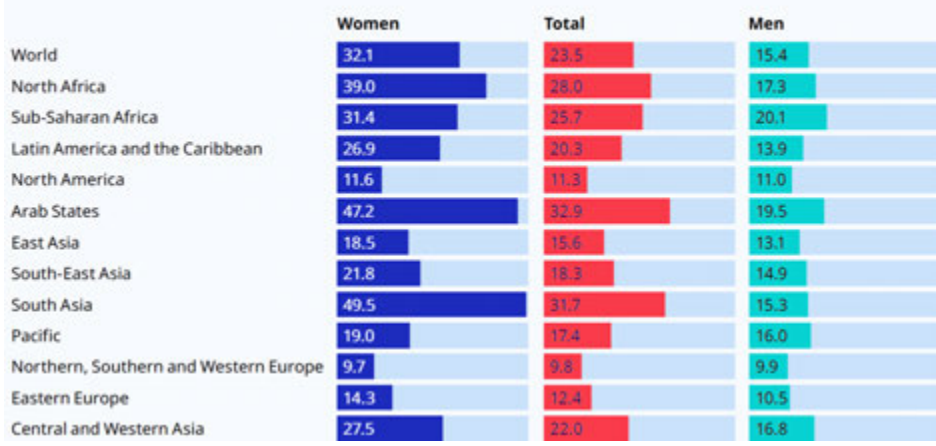
The ILO estimates the labor force of the Americas at about 510 million, including 195 million in North America (Canada and the US) and 320 million in Latin America. Most of those employed in Latin America work informally, meaning in jobs that are not covered by minimum wage and social safety net legislation.

Southeast Asia

ASEAN includes countries that send and receive migrant workers. The Philippines is the major migrant sender in the region, and Malaysia and Thailand are major recipients of migrant workers from nearby countries. Covid sharply reduced labor migration in 2020 and 2021, but labor migration resumed in 2022 as governments reopened borders and employers complained of labor shortages.

A Quarter of the World's 15 to 24 Year Olds were NEETs

Figure 1.7. Youth aged 15-24 not in employment, education, or training, 2022, by sex, world and by subregion (percentages)



Productivity

The key to higher incomes is rising labor productivity, defined as the value of the goods and services

The U.S. Accounts for 1/3 of Employment in the Americas

	Labour force participation rate (percentages)						Labour force (millions)					
	2019	2020	2021	2022	2023	2024	2019	2020	2021	2022	2023	2024
Americas	63.4	60.1	61.6	62.3	62.2	62.2	502	481	497	508	512	518
Latin America and the Caribbean	63.6	59.1	61.6	62.4	62.2	62.4	311	292	308	315	318	323
North America	62.9	61.6	61.6	62.2	62.2	61.9	191	188	190	193	195	195

Outflows of Migrant Workers Fell Sharply from Southeast Asian Sending Countries

Figure 2.5. Outflows of documented migrant workers, selected ASEAN Member States, 2010-20 (thousands)



produced by workers in a year. The value of the output produced by an average worker ranged from \$5,700 a year in low-income countries to \$105,000 in high-income countries

in 2021, a ratio of one to 18. Productivity is rising faster in high-income than in low-income countries, which explains the persisting gap in wages and incomes between high- and

low-income countries and encourages migration for higher wages.

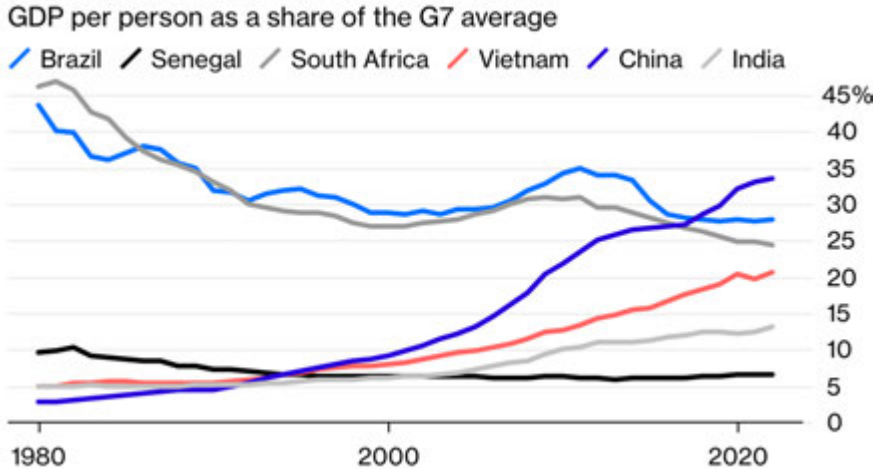
Governments in lower-income countries aim to accelerate productivity growth by educating their workers, building infrastructure, and attracting foreign investment to create jobs in export-oriented factories that employ youth leaving rural areas. The East Asian economic miracle in China and southeast Asia followed this export-led growth model, narrowing per capita income gaps between these fast-growing countries and the G7 industrial countries. However, productivity growth in many African and Latin American countries has not risen fast enough to narrow their per capita income gap with the G7, which helps to explain stagnant living standards in these countries and rising migration pressures.

If labor productivity in the US is considered to be 100, labor productivity in Europe and Australia is 80 percent of US levels. Labor productivity rose rapidly in China and Eastern Europe since 1990, but stagnated or fell relative to US levels in Latin America and Africa.

Labor productivity growth is slowing in all countries, from over eight percent a year in the 1960s and 1970s in Japan to little or no productivity growth in many G7 countries today. Labor productivity growth has slowed in China and India since 2000, and was four percent a year in the 1960s and 1970s in Brazil but fell to zero in the 1980s and has not risen since.

One reason for slow productivity growth in Latin America and Africa is widespread informal employment. Informal firms, from retail shops and other services to farms and small manufacturers, invest less in machinery to make workers more productive. Low investment is due to many factors, including lack of

China and Vietnam Closed the GDP Per Capita Gap with the G7 Since 2000, But not Brazil



managerial expertise, an inability to obtain loans, and the desire of some employers to remain informal to avoid being covered by minimum wage laws and having to pay taxes for safety net programs.

The classic transition from developing to industrial country involves workers moving from agriculture to manufacturing to services, with labor productivity rising as workers move from lower to higher productivity sectors. The question is how to combine investment in manufacturing and services with new technologies and educated workers to accelerate labor productivity growth.

One fear is that, instead of an expanding labor-intensive manufacturing sector that offers jobs to workers who are leaving agriculture, robots will perform routine manufacturing tasks with fewer workers and push workers leaving agriculture into services, where productivity growth may be slower. This is the danger facing India, which surpassed China to become the world's most populous country with 1.4 billion people in April 2023.

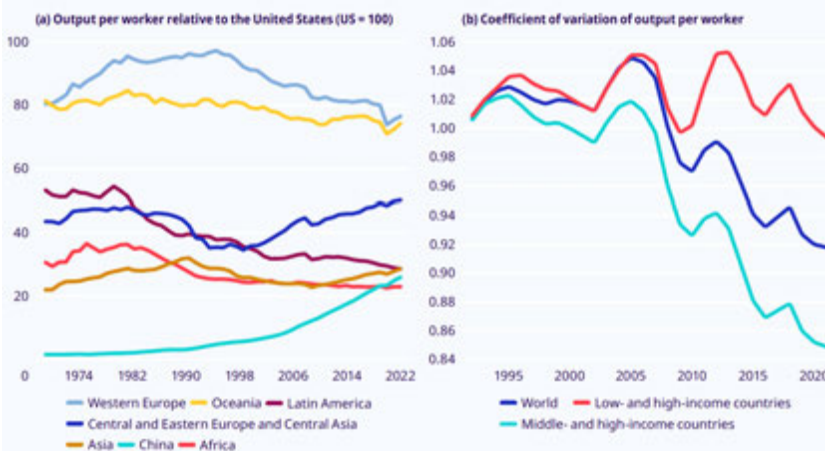
Slow productivity growth is evident in Latin America, where GDP per capita was 40 percent of G7 levels in 1980 and 30 percent of G7 levels in 2020. Some Latin American countries promoted manufacturing to spur development, but the share of workers employed in manufacturing is falling even in Mexico, which received foreign investment to produce for the US market under NAFTA and USMCA.

What Next

The World Bank warns that slowing productivity growth could maintain wage and income gaps between rich and poor countries or what the World Bank calls EMDEs for emerging and developing economies,

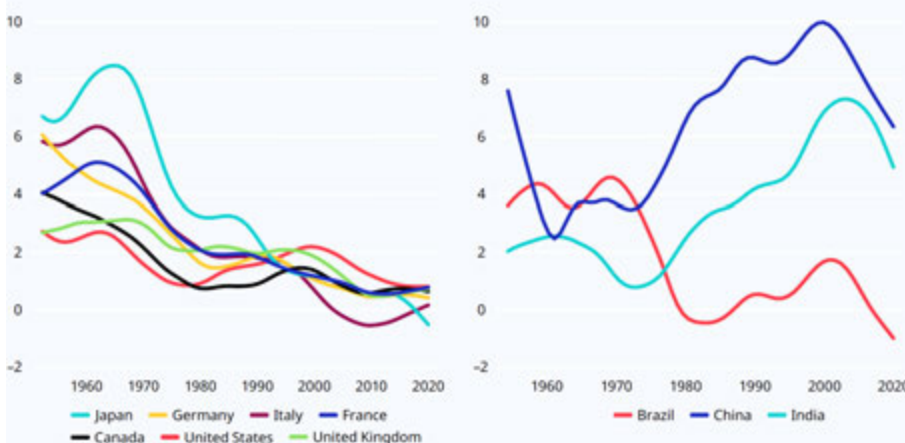
China and Eastern Europe Narrowed the Labor Productivity Gap with the U.S. Since 2000, But not Latin America and Africa

Figure 3.1. Labour productivity convergence across geographic regions, China and country income groups



Brazil has had Little Labor Productivity Growth Since the 1980s

Figure 3.2. Long-term labour productivity growth: G7 countries versus Brazil, China and India (percentages)



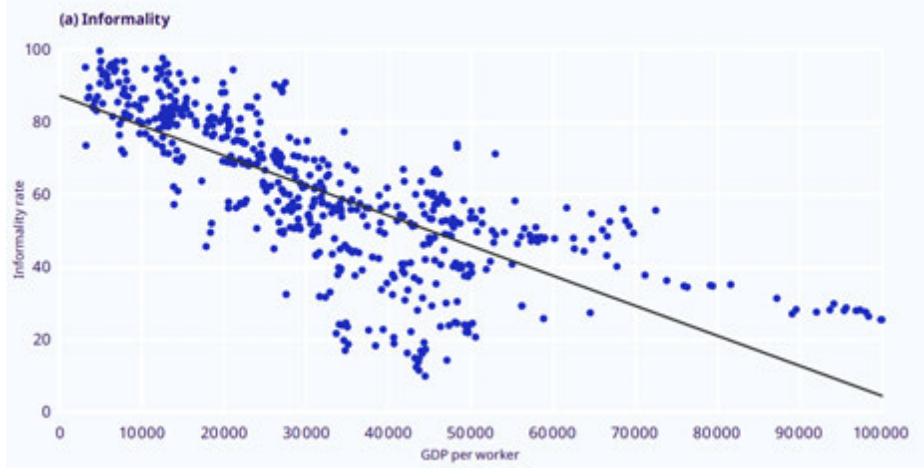
fueling conflict and migration. Per capita incomes are rising faster in EMDEs than in rich countries, but too slow to reduce persistent wage differences.

Some economists warn of premature deindustrialization in countries such as India, which means that people move directly from farms to services, where there are few models to imitate the higher productivity and wage growth of the East Asian export-led manufacturing growth miracle. Examples of exporting services include Indian call centers and Filipino back-office processing, but these activities have so far failed to create the millions of jobs needed to employ ex-farmers in developing countries.

Exporting farm goods and natural resources often requires capital-intensive production methods and creates few linkages to sectors that employ the most workers, and the transition to clean energy may yield fewer of the good jobs that many expect. The question of how to increase productivity in small and often informal shops, restaurants, and other businesses remains unanswered.

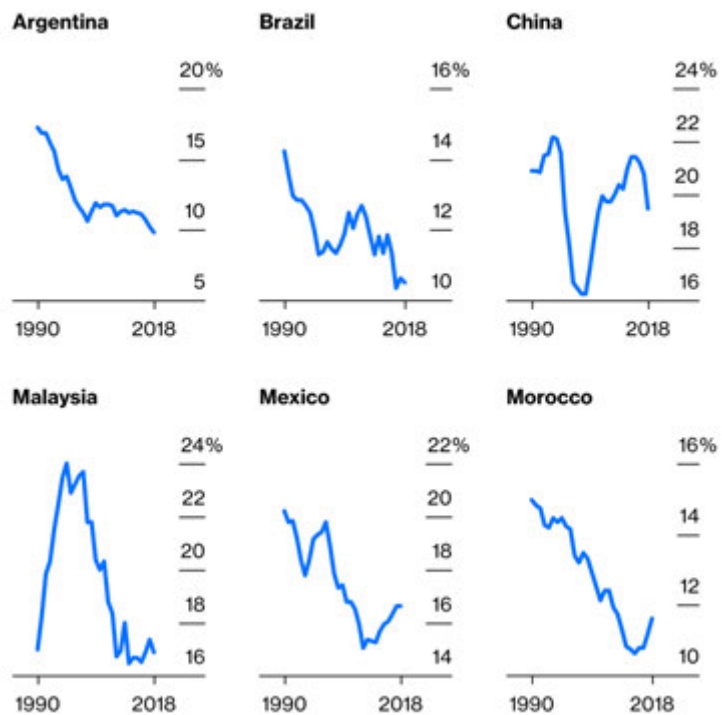
Informal Employment Declines as Per Capita GDP Increases

Figure 3.4. Labour productivity, informality, and working poverty



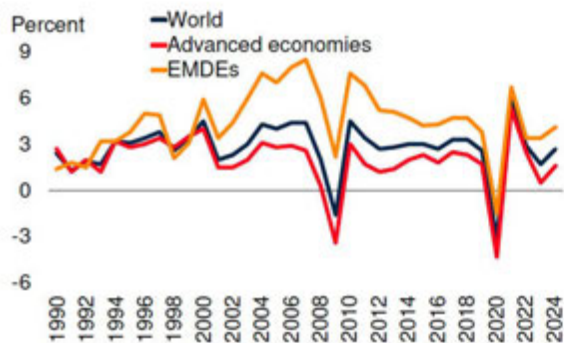
The Share of Jobs in Manufacturing Rose in China Since 2000 But Fell Elsewhere

Share of jobs in manufacturing

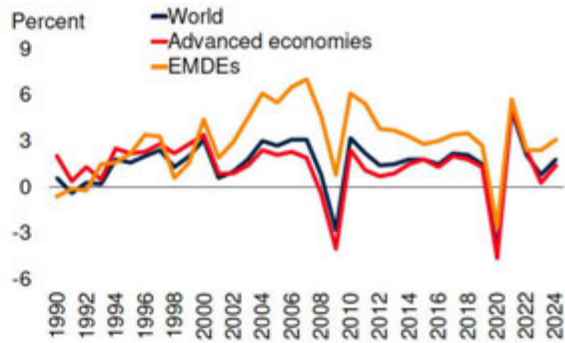


Growth in EMDEs Must be Faster than in Rich Countries to Narrow Wage Gaps

A. Growth



B. Per capita growth



References

ILO. 2023. World Employment and Social Outlook: Trends 2023. https://www.ilo.org/global/research/global-reports/weso/WCMS_865332/lang--en/index.htm

ILO. Decent Work Indicators. https://www.ilo.org/integration/themes/mdw/WCMS_189392/lang--en/index.htm

Porter, Eduardo. 2023. Economic Development Is a Fairy Tale for Poor Nations. Bloomberg. <https://www.bloomberg.com/opinion/articles/2023-02-15/poor-countries-should-stop-believing-in-economic-development-fairy-tales??le>

To subscribe to RMN blogs, send email to ruralmigrationnews-subscribe@primal.ucdavis.edu

More at: <https://migration.ucdavis.edu/rmn/>