

BRICS labor markets: Competing with the largest economy

Maria Beletskaya¹

¹ Institute for US and Canadian Studies of the Russian Academy of Sciences

Corresponding author: Maria Beletskaya (mybeletskaya@gmail.com)

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Abstract

This article presents an overview of the labor market development and employment in the BRICS countries. Being among the largest world economies, the BRICS countries are making serious efforts to ensure the sustainability of their labor markets, increase employment opportunities for the population and promote human-centered and inclusive policies based on a decent work approach. The COVID-19 pandemic has affected the BRICS labor markets and highlighted the need for its formalization to ensure the protection of workers' rights. The countries' national circumstances are different and so are the specific priorities of the governments in their labor market policies. BRICS cooperation on labor and employment issues allows to exchange experience, knowledge and best practices in addressing various labor market and employment challenges. Based on the discussions of the labor market situations, the BRICS member countries fine-tune their labor policies and actions. The article concludes that BRICS cooperation on labor and employment issues has become an integral part of the collaboration of the BRICS countries. The cooperation agenda will deepen the understanding of various labor market peculiarities and reinforce the solidarity actions of the BRICS countries in the field of labor and employment in the global arena. A comparison of the emerging BRICS economies with the developed and biggest economy of the world reveals that the BRICS countries have made faster progress in their efforts to restore their labor markets after the COVID-19 outbreak.

Keywords

BRICS, labor and employment, the USA, COVID-19.

JEL: J01, J08.

Introduction

The BRICS countries have become important engines of recovery and growth of the world in the post-COVID-19 era. As stated in the Declaration of the BRICS Labor and Employment Ministers 2021, the world of work had witnessed long-lasting impacts of the COVID-19 pandemic, ranging from reduced working hours and income, rising unemployment and closures of businesses to disruptions in economic activities, especially in labor-intensive sectors. The pandemic had a negative impact on informal workers, disproportionately affecting women and young people. Unemployment, decent work deficit and inequality increased during the outbreak of the pandemic, blocking the countries' progress in developing the labor market.

The pandemic emphasized the challenges previously faced by the BRICS labor markets, such as technological transformation of the world of work and demographic changes. Digital technologies, especially the mobile Internet technology, are transforming labor markets, accelerating the development of a new business model of digital labor platforms and new forms of employment through labor platforms. Since the global financial crisis, digital labor platforms became a growing trend in the global labor market. The COVID-19 outbreak further accelerated the proliferation of digital labor platforms. On the one hand, digital labor platforms meet the needs of enterprises for rapid adaptation of the labor force in response to market pressure; on the other hand, they also satisfy the needs of some workers for more flexibility in work. Digital labor platforms in the BRICS countries have become a source of new job opportunities, especially for youth, women, low-skilled workers and the long-term unemployed. At the same time, within the existing legal framework, work through platforms is not recognized as an employment relationship. Platform workers in most BRICS countries (except India) are not covered by social security and social protection.

Platform workers face difficulties in organizing trade unions and collective bargaining process. Population ageing remains one of the key concerns of the BRICS governments. The BRICS countries are using different approaches for a) increasing the life longevity, and b) coping with possible negative effects of its growth. Their efforts are aimed at engaging people of working age who are not actively and productively employed in the labor market by removing different barriers that reduce their participation in the labor force.

As ageing is not only linked with the possibility of a longer working life but also with the growing number of people who need long-term care, the BRICS governments are undertaking measures to formalize and further develop the economic sector of long-term care. Skills development remains an important objective for all BRICS countries. Lifelong learning with training and re-training opportunities becomes essential for increasing human capital and competitiveness of workers.

The role of labor market institutions in the BRICS countries is increasing. The work of public employment services and labor inspections allows to support both employed and unemployed workers and create incentives for businesses to improve working conditions and move towards decent work. These institutions are becoming more

and more important as elements of the labor market infrastructure of the BRICS countries.

Last but not least, the complexity of the labor market development agendas, including incentivizing job creation, education of workers, protection of workers' rights, creation of efficient and effective labor market infrastructure, providing personalized services, etc. requires collaborative actions at the national levels based on a whole government approach with the active participation of social partners (businesses and trade unions).

Furthermore, the importance of international collaboration between countries is also increasing. Labor mobility and trans-border labor relations can't be addressed by a single country but require bilateral and multilateral efforts.

There is a number of articles considering various labor and employment issues in specific BRICS countries, such as unemployment (Gur, 2015), migration (Korobkov, 2015), inequality (Anikin & Tikhonova, 2016) through the prism of various political and economic theories (Dudin et al., 2019). However, there are not enough publications addressing labor and employment in all BRICS countries.

Another aspect of the novelty of this article is the comparison of the labor market indicators of the BRICS countries and the United States of America. Previously published scientific papers on the topic of the BRICS countries and the United States, as a rule, cover general economic and general political issues, without focusing on issues of individual markets. (Kiel, 2015; Gürcan, 2019) In other cases, when studying labor markets, the BRICS countries and the USA are considered among a large number of countries in the world, which, for example, is typical for ILO publications (ILO, 2022) that feature separate countries, or researchers include them in different groups of countries (Eberts et al., 2019; Prateset et al., 2018). Comparison of the labor market indicators of the BRICS countries and the United States has not been carried out before.

The BRICS countries' economic development has many common characteristics but at the same time each country is unique. The collaboration of these countries is based on the exchange of experience in addressing priority issues. In the labor market sphere, the goals of promoting decent work for all and protecting workers' rights are common to all BRICS countries, but each country's pathway to achieving these goals is dictated by their national circumstances.

The objective of this article is to present a basic overview of the labor market situation in the BRICS countries, highlight the labor market development of each BRICS country and summarize them in one paper. To assess the progress made by the BRICS governments in efforts to eliminate the consequences of the COVID-19 pandemic, the article provides information on the labor market situation and employment policies of the US, which is considered the world's largest economy and the leader of the developed world.

1. Methods

The article presents the qualitative overview of the labor market situation, supported by available statistical data. The data used in the research are based on the national statistics and international organizations' databases, such as the World Bank database,

the OECD data Dashboard, etc. In most cases, the raw data comes from labor force surveys and household surveys of the BRICS countries. A snapshot of the labor market situation captures the key indicators, such as labor force participation rate, employment and unemployment rates of appropriate countries where data are available.

It also reflects the specificity of each BRICS country, such as the improvement of pension system in Brazil, Russia's strategy of increasing the working-age population through pensions, the high level of informal self-employment in India, the focus on development of entrepreneurship in China, and actions aimed at increasing youth employment in South Africa.

To better understand the pace of the progress made by the BRICS countries to combat the economic, labor and employment consequences of COVID-19, a snapshot of the labor market situation in the US is provided. The US was chosen as a reference point as it is the country with the largest world economy and the leader of the developed countries.

2. Results

1. The BRICS countries' labor market and employment development agenda is multi-dimensional and is focused on sustainability and growth of employment, formalization of labor markets, skills development to match business requirements, etc.

2. COVID-19 has negatively affected the progress of the BRICS countries towards Sustainable Development Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

3. The restoration of the pre-pandemic levels of employment is ongoing, despite the fact that the pandemic is not fully combated.

4. A comparison of the BRICS countries' labor market situations and the labor market situation of the developed country with the world's largest economy reveals that the largest economy was severely hit by the pandemic and the restoration pace falls behind the BRICS countries. The review allows us to state that the BRICS countries successfully compete with the US in the labor and employment sphere.

3. Discussion

BRAZIL

Brazil is the twelfth largest economy in the world and has the largest labor market in the Latin America (World Bank, 2022). After a slow recovery from the worst recession in the country's history, which took place in 2015 and 2016, Brazil, like all other countries of the world, was severely hit by the COVID-19 global pandemic. Before the pandemic, labor market indicators started to improve, but the progress was marginal. The unemployment rate fell below 12% in April 2019 but remained high compared to 2014. Payroll jobs in March 2019 were at 48.2%, demonstrating a slight increase after receding from their historical high of over 52% in 2014.

The COVID-19 pandemic resulted in an increase of unemployment rate in Q3 2020 to 14.4% compared to 11.8% in Q3 2019, according to the Continuous National Household Sample Survey by IBGE¹.

In 2017, Brazil launched a labor reform that granted greater autonomy to employers and employees in determining working relations. The Temporary Work Act was amended to define the scope of temporary contractual arrangements and provide the parties with legal guidance on employment relationships. This made a distinction between employed and self-employed workers and allowed to decrease labor and employment related conflicts. Nevertheless, in 2018, Brazil ranked eighth in the world in terms of inequality (UNDP, 2020) as the income of the richest 10% was 13 times higher than the average of the poorest 40%.

The pension reform approved by the Federal Senate came into force in October 2019. It introduced a minimum retirement age (62 for women and 65 for men; but 60 for rural workers and teachers), raised the minimum contribution time to access pensions (from 15 to 20 years), and lowered replacement rates. The reform also reduced social pensions for those under the age of 70, limited the generosity of survivor benefits, and equalized rules for public employees with those in the private sector. In addition, the reform restricted the annual wage bonus (a publicly financed extra monthly wage to salaried workers in the formal sector) to those earning the minimum wage. Furthermore, the government introduced a complementary bill with specific rules for containing military pension spending. The pension reform was designed to respond to the rapid ageing of the Brazilian population and it affects both Brazil's labor market and economic growth.

Since 2000, each state of Brazil has been allowed to autonomously determine its own minimum wage above the national minimal wage level. States can also set different rates for different categories of workers (ILO, 2020). Brazil continues adapting its labor laws to the development of new forms of employment. In 2020, the Superior Labor Court stated that Uber drivers were self-employed workers as they were not in a relationship of subordination, because they provided their services on a casual basis, without pre-established work schedules and did not receive a fixed salary.

According to Brazilian legislation, both self-employed and employed workers must be mandatorily insured. Those not covered mandatorily, can be voluntarily insured. Between 2015 and June 2021, a total of 126 bills dealing with work on digital platforms were presented at the National Congress. Decree No. 9.792/19 and Decree No. 10410/20 which regulate the Urban Mobility Law and Social Security, respectively, establish the driver's duty to carry out, on their own account, their registration and contributions to the social security system in the category of individual taxpayer, being able to opt for the Individual Micro-entrepreneur (MEI) if the driver meets the necessary requirements². Labor institutions in Brazil create perverse incentives that encourage

¹ URL: <https://www.ibge.gov.br/>

² https://bibliotecadigital.fgv.br/dspace/bitstream/handle/10438/30909/BT7_social_security_platforms_ingles.pdf?sequence=6

excessive labor turnover. The reform of the labor code has addressed some of these incentives, but more efforts are needed.

In Brazil, labor programs focus on income support with little attention to re-skilling. Skilling and re-skilling of youth are becoming increasingly acute due to the population ageing. Furthermore, the COVID-19 pandemic has significantly reduced labor opportunities for young people. Brazil's National Commercial Apprenticeship Service can be considered as a good practice example. It is the largest skills development institution for the commerce and services sector since 1946 (SENAC, 2022).

It has developed a new pedagogical model of vocational training. The model combines theory and practice and promotes the development of competencies through active, innovative, integrative, and collaborative pedagogical practices centered on the student's active engagement. Reforming labor market programs with a focus on youth and the long-term unemployed and building capacity for job activation programs at the state level are among the important challenges faced by Brazil on its path to economic and social progress.

Selected data on Brazil's labor force is presented in Table 1.

Table 1. Selected data on Brazil's labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force (million)	97.1	98.7	99.7	101.5	102.5	104.3	96.5
Labor force participation rate, total (% of total population aged 15+) (modeled ILO estimate)	62.1	62.2	62	62.3	62.2	62.6	57.2
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	58	56.9	54.8	54.3	54.5	55.1	49.4
Unemployment (% of total labor force)	6.6	8.4	11.6	12.8	12.3	11.9	13.6

Source: World Bank data base.

RUSSIA

The labor market in the Russian Federation remains relatively stable, despite the significant negative demographic impact and the influence of the COVID-19 pandemic. Russian Federation was able to restore its labor market to the pre-pandemic level in 2022 (Mishustin, 2022). In December 2021, the labor force aged 15

years and over amounted to 75.7 million people, of which 72.5 million were employed and 3.2 million were classified as unemployed, as per ILO criteria, while in September 2019, the labor force was 75.6 million people, including 72.2 million employed in the economy and 3.4 million people who did not have a job but were actively looking for it. The employment rate (the share of employed population in the total population of the corresponding age) in December 2021 was 60% compared to 59.6% in 2019. Among the employed, the share of women in December was 48.9%. The employment rate among the rural population (53.7%) is lower than the employment rate among the urban population (62.1%).

By September 2021, the unemployment rate reached a historic low of 4.3% (compared to 4.5% in September 2019). The share of unemployed who looked for work from 1 to 3 months decreased by 0.1 p.p. compared to November 2021 and amounted to 26.1% (in urban areas — 28.5%, in rural areas — 21.4%). The share of long-term unemployed (those who look for work for more than 12 months) amounted to 21.9% (in urban areas — 18.5%, in rural areas — 28.5%). According to the survey, in December 2021, 25.9% of the unemployed used the employment service as a way to find work, 68.7% of the unemployed used friends, relatives and acquaintances. According to the LFS, in September 2019, 22.4% of the unemployed used the appeal to the employment services as a way to find work, 69.9% of the unemployed resorted to the help of friends, relatives and acquaintances. The popularity of the employment services has increased (Rosstat, 2022).

The average age of the unemployed in December 2021 was 37.1 years, while in September 2019 it was 35.9 years. Young people under the age of 25 make up 20.8% (22.7% in 2019) of the unemployed, people aged 50 and over — 23.1% (18% in 2019), people with no work experience — 28.5%. The share of unemployed aged 50 and above increased from 18% in 2019 to 23.1% in 2021. The average duration of job search by unemployed women increased from 6.2 months in August 2019 to 6.7 months in December 2021, while for men it remained stable at 6.4 months.

By the end of December 2021, according to Rostrud, 0.9 million unemployed citizens were registered in employment services, of which 0.8 million had the status of unemployed, including 0.6 million received unemployment benefits. By the end of September 2019, the employment service registered 0.8 million non-employed citizens, of which 0.7 million were unemployed, including 0.5 million received unemployment benefits. In September 2019, there were 46.3 registered unemployed per 100 declared vacancies (Rostrud, 2021).

According to the pension reform launched in 2019, the retirement age is gradually increasing. This leads to an increase in the number of people of working age.

The labor skills development is one of the priorities. An important element of the vocational education system is the assessment of qualifications. The National Council for Occupational Qualifications was established and the Federal Law on independent assessment of qualifications was enacted. The dynamics of the main labor market indicators is presented in Table 2.

Table 2. Selected data on Russia's labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force (million.)	75.2	75	74.9	74.6	74.5	73.5	72.8
Labor force participation rate, total (% of total population aged 15+) (modeled ILO estimate)	62.6	62.6	62.7	62.7	62.8	62.2	61.8
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	59.3	59.1	59.2	59.4	59.8	59.4	58.4
Unemployment (% of total labor force)	5.1	5.5	5.5	5.2	4.8	4.5	5.5

Source: World Bank data base.

INDIA

India remains the fastest-growing major economy in the world. In the past two decades, India has shown rapid economic growth averaging 7.2% between 1998 and 2018, and as of January 2022, India's real GDP is projected to grow by 9% in 2021-2022³ (IMF 2022).

In 2020, there were around 501 million workers in India (World Bank, 2022). India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. The labor force participation rate in 2020 was 44.9%. The labor force participation rate in 2021 was 67.4% for men and 9.4% for women. This is a significant drop compared to the pre COVID-19 period (80% for men, 25% for women) (CMIE, 2021). Slightly less than half of the workforce is employed in agriculture, but the service sector is the major source of economic growth, accounting for nearly two-thirds of India's output but employing less than one-third of its labor force.

India has capitalized on its large educated English-speaking population to become a major exporter of information technology services, business outsourcing services, and software workers. Nevertheless, per capita income remains below the world average. The Indian labor market is characterized by a large informal sector. Almost 92% of the population is employed in the informal sector. Agriculture, fisheries, textiles and leather industries are the major contributors to the informal sector, alongside the large population of self-employed and own account workers. These workers are deprived of the benefits and security associated with formal salaried jobs.

To bring the existing Labor Laws in line with the emerging economic and industrial scenario, the government has enacted four Labor Codes, namely: the Code on Wages of 2019; the Industrial Relations Code of 2020; the Code on Social Security of 2020;

³ Calculations based on GDP growth (annual %, constant prices), International Monetary Fund, World Economic Outlook Database, April 2019. <https://www.imf.org/external/pubs/ft/weo/2019/01/weodata/index.aspx>

and the Occupational Safety, Health and Working Conditions Code of 2020. This reduces the multiplicity of definitions and authorities, facilitates the implementation and use of technologies to enforce labor laws, brings transparency and accountability in enforcement and promotes the creation of more enterprises that incentivize economic growth. Simultaneously, this strengthens the protection available to workers, including unorganized workers, in terms of the statutory minimum wage, social security and healthcare of workers (Government of India, 2022).

Underemployment is mainly caused by skills asymmetry in the labor market and a mismatch between the skills acquired by jobseekers and the skills demanded by their prospective employers. As per the 2011-2012 NSSO report on the Status of Education and Vocational Training in India, among people aged 15-59, about 2.2% reported that they received formal vocational training and 8.6% reported that they received non-formal vocational training.⁴ The Ministry of Skills Development and Entrepreneurship is responsible for coordinating all skills development efforts across the country - eliminating the gap between the supply and demand of skilled labor, creating a vocational and technical training framework, skills upgrade, developing new skills and innovative thinking not only for the existing jobs but also for jobs that are to be created.

The unemployment rate in 2017 was estimated at 8.5% and the unemployment rate among the youth (15-29 years) is much higher compared to the total population. Youth unemployment among men rose to 18.7% from 8.1% in 2011-2012, while among women it rose to 27.2% from 13.1% in 2011-2012. The female labor-force participation is declining in India and stands at 26%, among the world's lowest rates. Between 2011-2012 and 2017-2018, the labor force participation rate for rural and urban males decreased by nearly 3 and 2 p.p. respectively, while it decreased by about 7 p.p. for rural females and remained at the same level for urban females.

The rate is higher for urban youth than for rural youth. Further, compared to female youth, the unemployment rate for male youth was lower in general but remarkably lower in urban areas (Youth in India, 2017, Central Statistics Office, Ministry of statistics and program implementation, Government of India). 21.9 % of population live below the national poverty line.

The present Indian social security framework is fragmented and primarily focused on the organized sector, leaving the majority of the workforce out of the social security coverage, thus intensifying the weakness and vulnerabilities of the Indian labor market. 5.3 million people receive pensions⁵ and 82.8 million workers are covered by unemployment benefits.⁶ Universalization of social security is essential to address the decent work deficit and transition to formality and ensuring inclusive development.

⁴ <https://www.msde.gov.in/assets/images/Mission%20booklet.pdf> [Accessed on 20 July 2019]

⁵ EPFO, for April 2015-March 2016.

⁶ ESIC, for April 2015- March 2016, Rajiv Gandhi Shramik Kalyan Yojana, Unemployment assurance scheme.

The objective of the government of India in the area of labor and employment is to promote faster, more inclusive and sustainable growth through infrastructure policies, skills development, improving productivity, along with growth-friendly fiscal consolidation and price stability.

In July 2017, a constitutional amendment introduced a uniform taxation system in the country. It streamlined various tax collecting entities at the municipal, state and central level under one head, thereby eliminating leakages and corruption in the taxation system, while also improving the ease of doing business. This also increased the number of indirect taxpayers, especially by incentivizing small enterprises using the new system of input tax credits.

In line with the recommendations of the Second National Commission on Labor, the Ministry of labor of India has taken steps for formulating four Labor Codes on (i) wages; (ii) industrial relations; (iii) social security and welfare; and (iv) occupational safety, health and working conditions by amalgamating, simplifying, and rationalizing the relevant provisions of the existing Central Labor Laws.

“Fixed term employment workman” category was included for all sectors in the Industrial Employment (Standing Orders) Act of 1946 and the rules made there under. The objective of Fixed Term Employment, on one hand, is to provide flexibility to employers in order to meet the challenges of globalization, new practices and methods of doing businesses, while, on the other hand, this would be beneficial for workers as it gives the “FTE workman” the same statutory benefits as that of regular workers in a proportionate manner. This would also substantially decrease exploitation of contract workers as the employer would directly hire the worker without any mediators in the form of a contract for a fixed term. The government of India is also seeking to introduce the definition of part-time workers, casual workers, fixed term workers, piece rate/commission rated workers, informal workers, home-based workers, domestic workers and seasonal workers. This, in turn, will increase the coverage of India’s social security schemes on a step by step basis. Starting from April 1, 2018, the government of India pays new employees a full employer’s contribution (to both the Employee Provident Fund and the Employee Pension Scheme) for a period of three years.

A pension scheme for unorganized workers was introduced by the government of India. Unorganized workers are mostly engaged as home based workers, street vendors, mid-day meal workers, head loaders, brick kiln workers, cobblers, rag pickers, domestic workers, washermen, rickshaw pullers, landless laborers, own account workers, agricultural workers, construction workers, beedi workers, handloom workers, leather workers, audio-visual workers and other similar occupations whose monthly income is Rs 15,000 per month or less (about 211 USD) and who belong to the age group of 18-40 years. They must met certain conditions to be able to join this voluntary and contributory pension scheme, under which the subscriber would receive an assured pension of Rs 3,000 per month (about 42 USD) on attaining the age of 60 years.

A Health Scheme was opened for a selected group of unorganized workers, such as rickshaw pullers/auto rickshaw drivers in selected urban/metropolitan areas

on a pilot basis. Further, ESI Coverage was extended to construction workers in the implementation area.

Demonetization in 2016 and the COVID-19 pandemic had a lasting negative impact on the labor market in India. Labor participation declined and all the progress made in women's labor participation was reversed (Vyas, 2022). During May 2021, over 15 million jobs were lost due to the COVID-19 restrictions. Employment fell from 390.8 million in April 2021 to 375.5 million in May 2021. This translates into the loss of 15.3 million jobs, or a 3.9% fall in employment per month (CMIE, 2021).

The key labor market indicators are presented in Table 3.

Table 3. Selected data on India's labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force(million)	464.1	466.8	469.5	471.6	473.4	482.7	457.7
Labor force participation rate, total (% of the total population aged 15+) (modeled ILO estimate)	50.4	49.7	49.1	48.5	47.9	48.1	44.9
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	47.6	47	46.5	45.9	45.4	45.6	41.3
Unemployment (% of total labor force)	5.4	5.4	5.4	5.3	5.3	5.2	7.9

Source: World Bank data base (2022).

CHINA

In 2020, China was the second largest economy in the world, demonstrating GDP growth of 2.3%, and in 2022, China's economy is expected to grow by about 5.5%. In 2020, China's labor force consisted of 792 million people, out of those, about 740 million were employed. The share of employed in the service sector reached 47.7% in 2020 and continues to rise (World Bank Data, 2022).

During the COVID-19 pandemic, the employment situation remained stable and the unemployment rate was maintained at a relatively low level. In 2020, the fall in Chinese employment caused by COVID-19 was sharper than in large advanced economies, but the recovery was swifter. This dynamic reflects that China's lockdowns were imposed quickly and strictly and that the government's economic response did not include wage subsidies designed to preserve firm–employee relationships, while the short recovery period largely reflects that virus containment measures were ultimately successful in containing COVID-19 (IMF, 2021).

During the first nine-month of 2021, China created 10.45 million new jobs in urban areas, achieving 95% of their annual target. The urban unemployment rate was 4.9% in September 2021. The employment situation in Northeast China and other regions is also stable.

The development of small and microenterprises remains the main channel to absorb employment. Licenses for enterprises were substantially simplified and a large number of administrative examination and approval items, professional qualification permits and accreditation items were cancelled or devolved, lowering the threshold for starting enterprises. By 2021, a total of 146 million market entities were established in the country, compared to 55 million in 2012. Moreover, self-employed businesses reached 98 million, about 2.5 times the 2012 number. Self-employed businesses offered about 300 million urban and rural job posts, while all kinds of market entities nationwide employed about 300 million migrant workers (Xinhuanet, 2021).

The public employment service is being improved. In 2017, it covered all districts and more than 98% of communities. Standardization, specialization and informatization of public employment services are ongoing.

During 2019-2021, China implemented a National Vocational Skill Development Action Plan aimed at improving quality by promoting vocational training more tailored to the labor market. Under that initiative, in June 2021, the National “Skill China” Action Plan was launched in order to increase the number of skilled workers to a minimum of 40,000,000 people between 2021 and 2025. The Action Plan focuses on improving quality by creating an enabling skills policy environment, empowering enterprise development through skills, promoting incentives to increase participation and enhancing international cooperation in skills development to improve the quality and relevance of training (China Ministry of Education, 2020).

Selected data on the Chinese labor force are presented in Table 4.

Table 4. Selected data on the Chinese labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force (million)	791.3	795.2	797.6	799.1	799.4	800	792.4
Labor force participation rate, total (% of the total population aged 15+) (modeled ILO estimate)	70.4	70.3	70	69.7	69.4	69.1	68.2
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	67.2	67	66.9	66.6	66.4	66	64.8
Unemployment (% of total labor force)	4.6	4.6	4.5	4.4	4.2	4.5	5

Source: World Bank data base.

SOUTH AFRICA

South Africa is an upper-middle-income emerging market, the second largest economy and the most industrialized nation on the African continent with an abundant supply of natural resources; well-developed financial, legal, communications, energy,

and transport sectors; and a stock exchange that is Africa's largest and among the top 20 in the world.

Total employment in South Africa increased by 188 000 jobs from September 2017 to September 2018 (an increase of 1.2 percentage points). Furthermore, the gender employment gap has been relatively closing over the years as more females are now entering the labor force compared to 1995. The labor force in 2020 was 21.3 million, with occupations distributed among agriculture (820.46), construction (1,163.72), manufacturing (1,527.97) and services (11,041.83) (*Видимо, цифры в скобках — это тысячи? Наверное, стоит это написать?*) (OECD, 2022). The employment rate in South Africa fell during the COVID-19 pandemic: in Q4 2019 it was 42.41%, while by Q4 2020 it was 38.23% (OECD, 2022).

Over the past two decades, employment growth has remained below labor force growth, causing high incidence of poverty and inequality in the country: 65% of all employed work in the formal sector, while 2.9 million South Africans are still seeking out a living in the informal economy. The official unemployment rate was at 27.5% in September 2018. A total of 6.2 million people were unemployed, plus another 3 million were discouraged work seekers. The unemployment rate represents an increase of 0.3 percentage points compared to June 2018 and a decrease of 0.2 percentage points compared to 27.7% in September 2017 (Statistics South Africa, 2019).

The latest data on youth unemployment (15-24 years) stand at 66.50%. It is higher for young people with lower-secondary education level (58.4%) but lower for those with secondary level (55%), university graduates (31%) and those with other tertiary education (47.5%) (Statistics South Africa, 2019).

Employment decreased by 571 thousand (5.6%) in the formal sector, by 65 thousand (5.4%) in private households and by 32 thousand (3.8%) in agriculture in Q3 2021 compared to Q2 2021. Informal sector employment increased by 9 thousand (0.3%) in the same period. From a labor supply perspective, there is a constant structural shortage of qualified personnel in the country due to the mismatch between the skills acquired by job seekers in the educational process and the skills demanded by the labor market. The shrinking of the labor force will lead to a reduction in the revenue collected by the Compensation Fund and to a growing number of people without social protection. Economic growth has decelerated in recent years, with annual growth rate for 2021 being 4.9%.

The COVID-19 pandemic had a negative impact on the South African labor market. In 2021, the economy shrank by 1.8%, bringing it to the 2017 level (Statistics South Africa, 2021). Unemployment, poverty and inequality in South Africa are among the highest in the world and remain a challenge. Even though the country's modern infrastructure supports relatively efficient distribution of goods to major urban centers throughout the region, unstable electricity supplies retard growth. 21 tripartite Sector Education and Training Authorities (SETAs) have been established in South Africa to improve coordination and governance of training in key sectors of the economy.

SETAs have a key role to play in the implementation of apprenticeships and learnerships, as well as coordinating industry inputs to the planning of skills

development in South Africa (Department of Higher Education and Training South Africa, 2022).

South Africa's economic policy faces structural constraints that limit economic growth, such as skills shortages, declining global competitiveness, and frequent work stoppages due to strike action. The government is taking actions aimed at improving the provision of basic services to low-income areas, increasing job growth, and providing university-level education at affordable prices. The key labor market indicators for South Africa are presented in Table 5.

Table 5. Selected data on South Africa's labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force(million)	20.5	21.3	21.7	22.3	22.6	22.9	21.3
Labor force participation rate, total (% of total population ages 15+) (modeled ILO estimate)	53.3	54.5	54.7	55.3	55.1	55.2	50.5
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	40	40.8	40.1	40.3	40.3	39.5	35.7
Unemployment (% of total labor force)	24.8	25.1	26.5	27	26.9	28.4	29.2

Source: World Bank data base.

UNITED STATES OF AMERICA

The USA is the leading economy in the world, with the third largest labor market. Before the COVID-19 pandemic, in 2019, the labor force in the US was 166.3 million people, while the unemployment rate was steadily declining since the financial crisis of 2007-2008 and stood at 3.67%. In 2020, the US economy lost 9.7 million jobs, and the unemployment rate peaked at 14.8% in April 2020, but decreased to 6.7% by the end of the year. Total civilian employment, as measured by the Current Population Survey (CPS), fell by 21 million from Q4 2019 to Q2 2020. Most of the decline in employment at the beginning of the pandemic occurred among part-time workers, who accounted for 29% of the employment decline from Q4 2019 to Q2 2020. While the labor market continued to show signs of improvement with each passing month in 2021, significant labor and employment challenges persisted (US Bureau of Labor Statistics, 2021).

The COVID-19 pandemic has dealt a serious but uneven blow to the US labor market. In 2020, the unemployment rate increased in all major occupational categories. Occupations related to food preparation and serving, as well as to personal care and service have suffered the most, while the jobless rates were nearly 4 times higher than in 2019. Among most categories, women and young people were disproportionately affected. From Q4 2019 to Q22020, the number of employed women

decreased by 14.5% compared to a decrease of 12.1% for men. For people aged 16 to 24, the unemployment rate jumped to 24.2% in Q2 2020, an increase of 15.9 percentage points from Q4 2019.

In order to combat the negative effects of the COVID-19 pandemic, President Biden introduced the American Rescue Plan Act of 2021, a \$1.9 trillion COVID-19 emergency recovery bill. Overall, the US is prioritizing: (1) addressing the employment-related effects of the COVID-19 pandemic; (2) breaking down barriers to labor force participation; and (3) strengthening occupational safety and health. (H.R.1319 – American Rescue Plan Act of 2021, 2021)

There are more specific initiatives to nullify the COVID-19 effects on the labor market. In March 2021, the United States Department of Labor (USDOL) announced the availability of approximately \$87.5 million in grants to expand Registered Apprenticeships across the nation, with up to \$40 million of these funds in grants to be awarded to states that implement required diversity, equity and inclusion efforts and demonstrate their commitment to adopt, expand and promote these efforts.

The State Apprenticeship Expansion, Equity and Innovation (SAEEI) grants in 2021 range from \$2 million to \$10 million based on the state-specific capacity and needs the Executive Order signed by President Biden on strengthening Registered Apprenticeship (US Department of Labor, 2021). The goal of the SAEEI grant program is to provide states with the flexibility to meet the specific needs and demands of the industry. Collectively, these efforts will aim at achieving the following goals:

- Expanding systems to support the development, modernization, and diversification of Registered Apprenticeship Programs (RAPs);
- Improving partnership and alignment to support workforce system integration;
- Increasing the number of apprentices enrolled in RAPs, including underrepresented populations;
- Promoting innovation in program development and recruitment strategies.

The key labor market indicators for the US are presented in Table 6.

Table 6. Selected data on the US labor force

	2014	2015	2016	2017	2018	2019	2020
Total labor force (million)	158.9	159.9	161.8	163.3	164.6	166.3	163.7
Labor force participation rate, total (% of total population ages 15+) (modeled ILO estimate)	61.9	61.7	61.8	61.9	61.9	62.2	60.8
Employment to population ratio, 15+, total (%) (modeled ILO estimate)	58.1	58.4	58.8	59.2	59.5	59.9	55.9
Unemployment (% of total labor force)	6.1	5.2	4.8	4.3	3.9	3.6	8

Source: World Bank data (2022).

4. Key economic indicators of the BRICS countries and the USA

As far as labor situation is concerned, the BRICS economies are heterogeneous. Although all countries emphasize the need for proper statistics, data still remains an issue and their incomparability does not provide a clear picture and does not allow for accurate comparisons. Nevertheless, several graphs below, constructed using the World Bank data series, demonstrate the major trends of the BRICS economies and their labor market development.

A comparison of economic development and labor market indicators in the BRICS countries highlights the differences in the model and type of their economies. At the same time, the countries respond quite synchronously to the impact of the global crisis, whether it is the financial crisis of 2008-2009 or more recent economic problems associated with restrictions during the COVID-19 pandemic.

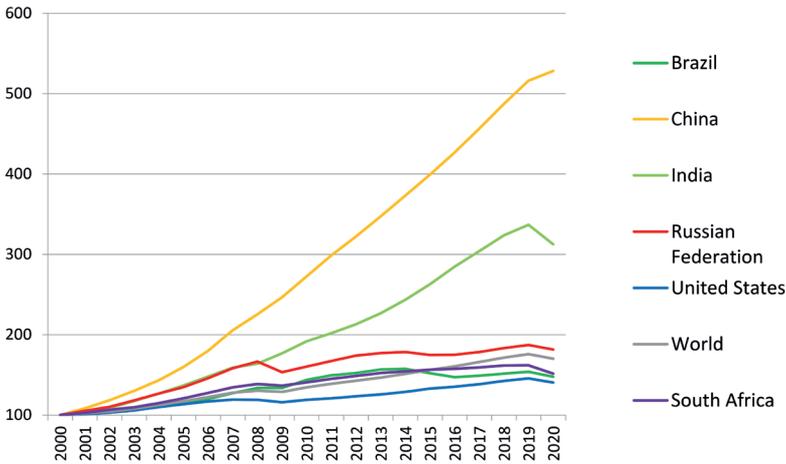


Figure 1. GDP growth (2,000 = 100%). Source: World Bank data (2022)

Figure 1 demonstrates the GDP growth rates of the BRICS countries and the United States from 2001 to 2020. The economic model of China, based on the expansion of cooperative ties in the world market and the consistent expansion of the domestic market based on the growth of incomes of the population, has ensured an impressive pace of development. Over 20 years, China’s GDP has increased more than 5 times. It should be noted that China is the only BRICS country that did not allow a decline in GDP in 2020, but ensured its growth by 2.3%.

India, another giant among the countries in terms of population, has also shown an impressive growth of more than 3 times over twenty years. The rest of the BRICS countries showed more modest GDP growth rates. At the same time, while Russia, in general, was ahead of the world average growth rate, the dynamics of Brazil and South Africa lagged behind the world average. In general, the dynamics of Brazil and South Africa were close to those of the United States, but with fundamentally different qualitative characteristics of the economy, the level of labor productivity and income.

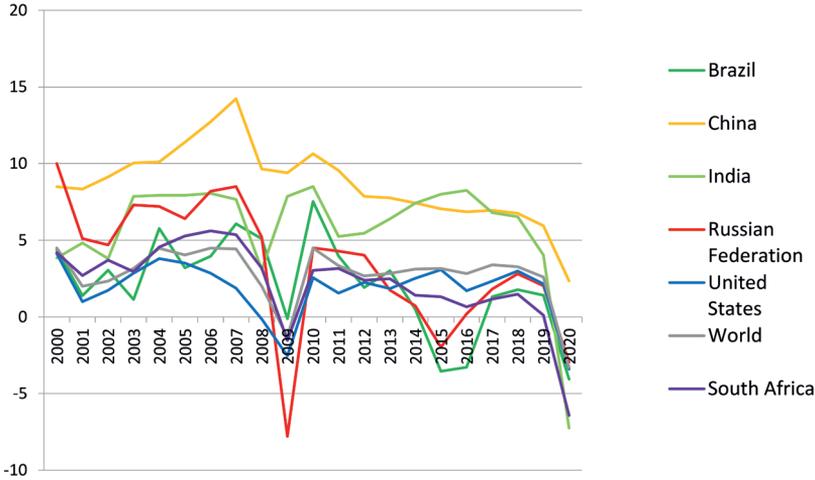


Figure 2. GDP growth rate (year-to-year, %). *Source:* World Bank data (2022)

As noted above, in general, the BRICS countries react quite synchronously to global problems of economic development. This is evident from Figure 2, which shows the rate of GDP growth. The US GDP growth rate also fluctuated approximately as that of the BRICS countries in the periods 2008-2009 and 2019-2020, which indicates the general interconnectedness and interdependence of the economies of different countries and the impossibility of fully protecting themselves from negative impacts, no matter what efforts are made.

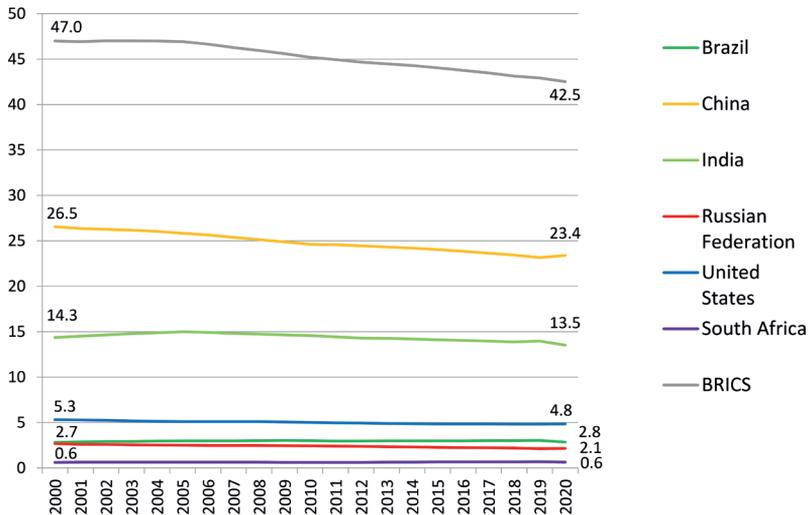


Figure 3. The share of the labor force of the BRICS economies as a % of the world labor force. *Source:* World Bank data (2022)

Figure 3 demonstrates the scale of the labor force of the BRICS countries and this is certainly impressive – more than 40% from the global indicator. At the same time, this significant amount is mainly formed in China (23.4%) and India (13.5%). The shares of other BRICS countries do not exceed 3%. The value of this indicator for the United States is not very high – 4.8%. In order to understand the qualitative difference in the level of development of economies, one should compare the share of their production with the global indicator. According to the World Bank, in 2020, the share of production in gross national income (GNI) at purchasing power parity (PPP) amounted to 31% for all BRICS countries and 16.1% for the US. For Russia, the ratio of the share of labor resources and the share of gross national income is 2.8% and 3.2%, respectively, that is, it slightly exceeds the world average (the world average is characterized by the equality of these indicators). In fact, these data testify to a difference in the efficiency of the use of labor resources, which is largely determined by the level of technological development of the economies. It should also be noted that the share of the labor force of all BRICS countries and the United States is declining relative to the world indicator. This provides evidence of the growth and development of other countries, primarily Asia and Africa, which fill the world labor resource.

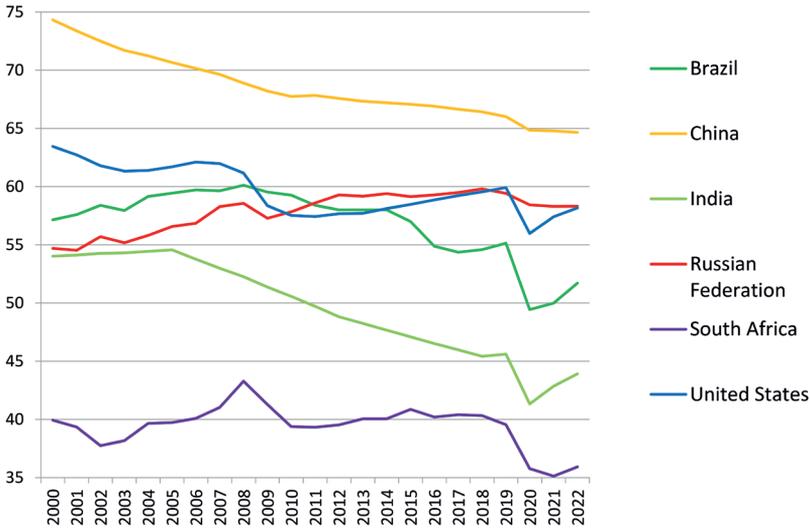


Figure 4. Employment to population ratio, 15+, total (%) (modeled ILO estimate). *Source:* ILO data base (2022)

Turning to the indicators that directly characterize the labor market, it should be noted that the differences between individual BRICS countries can be more significant than with the United States. Figure4 illustrates the ratio of the number of employed to the population, where generally heterogeneous countries, such as Russia, Brazil

and the United States, show similar performance. At the same time, China presents itself as a leader in terms of the involvement of the population in labor activity. At the other extreme is South Africa, with almost a two-fold gap from China. It is noteworthy that in all BRICS countries, except Russia, the involvement of the population in labor activity tends to decrease. Perhaps this is due to the peculiarities of statistical accounting, but additional study of this issue is required.

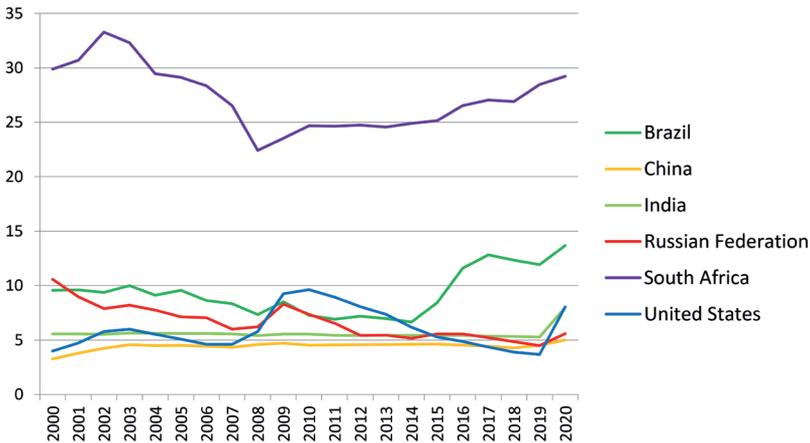


Figure 5. Unemployment, total (% of the total labor force, modeled ILO estimate). *Source:* World Bank data (2022)

Figure 5 shows similar levels and dynamics of unemployment for most of the BRICS countries and the United States. The exception is South Africa, which differs sharply from most countries with its high unemployment rate of about 30%. Since 2016, Brazil has surpassed the 10% unemployment mark, while the rest of the countries under consideration were in the corridor of about 5% during this period. The problems associated with the COVID-19 pandemic in 2020 reversed this trend and the unemployment rate began to rise.

As for India, the upward trend in the unemployment rate has been going on for several decades, but accelerated in the mid-2010s (since 2015). Among the main reasons are high population growth rates (especially during the last 30 years of the 20th century), poverty and illiteracy, and a large share of informal employment (Nair, 2020). A vicious circle is emerging: high labor supply leads to informal employment and low wages, further expanding the labor supply. In recent years, a serious contribution to the growth of unemployment was made by a high increase in youth unemployment, including due to the lack of appropriate jobs after graduation (Kapoor, 2022). In 2020, an additional factor in the increase of unemployment India, as in many other countries, was the lockdown and other restrictive measures related to COVID-19 (Vyas, 2020).

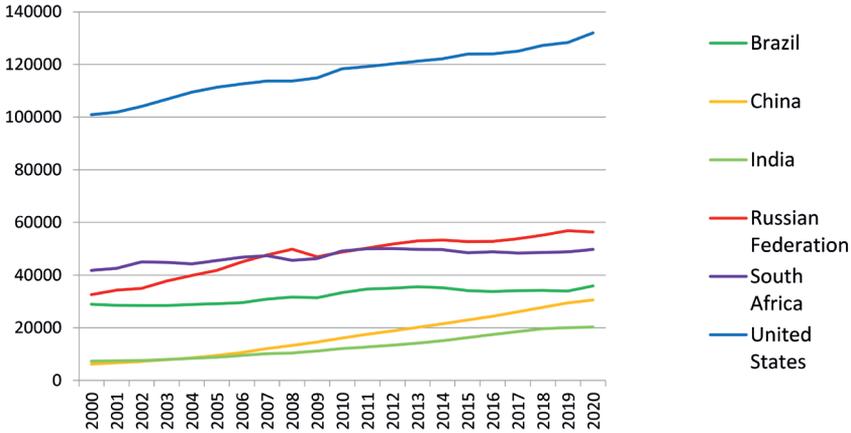


Figure 6. GDP per employed person (constant 2017 PPP \$). *Source:* World Bank data (2022)

Figure 6 demonstrates the efficiency of the economy as a whole and the use of labor, with data on the production of GDP per employee at purchasing power parity. This is one of the indicators that demonstrates a certain proximity of the BRICS countries, since they are part of the group of countries with an average level of development. GDP per capita in the BRICS countries ranges from \$56 thousand in Russia to \$20 thousand in India, that is, there is more than a twofold gap. However, compared to the United States with a production of almost \$132,000 of GDP per worker, it becomes clear that all BRICS countries still have a long way to go to improve the efficiency of their national economies. At the same time, such a difference can also be assessed as a potential for growth and development.

Conclusion

The BRICS indicators show that the last two decades were productive but uneven. The countries continued developing their labor markets and implementing a mix of active and passive labor market policies to facilitate structural changes in employment, depending on their institutional and policy settings and overall economic conditions. The impact of passive labor market programs is reinforced when income support is accompanied by effective active labor market programs, development of employment services, and job creation. The effectiveness of these policies is especially important at times of the slowdown of economic growth when countries need extra efforts to ensure labor markets sustainability and increase productivity and competitiveness.

No matter how different the situation in each country is, there are common challenges that all BRICS countries face in the labor and employment sphere. These challenges are provoked by deep changes in the global economy, technological

changes, and increased international competition. Structural reforms, urbanization, demographic shifts and migration of jobs and workers, important shifts in employment patterns, development of the so-called “digital” and “on-demand” economy require special attention of the countries and actions aimed at quality job creation, labor force education and training, adequate protection of the workers’ rights. There is potential for cooperation between the BRICS in developing a set of coordinated actions on the labor market aimed at meeting the structural challenge of scaling up the impact of labor market, employment and social protection policies on economic development and growth.

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