

## Chapter 1

# Labour Markets in Brazil, China, India and Russia

## and Recent Labour Market Developments and Prospects in OECD countries

*This chapter reviews recent labour market trends and short-term projections. It then focuses on labour market developments in Brazil, the Russian Federation, India and China (so-called BRICs). The BRICs make for over 45% of the world labour supply, compared with 19% for the OECD area as a whole. These countries are also expanding rapidly, permitting significant net employment gains and falling poverty rates. However, the chapter finds that the employment content of economic growth in the four countries except Brazil is low. Moreover, economic growth and rapid job creation have gone hand-in-hand with stubbornly high wage inequalities in Brazil and the Russian Federation, and wider wage inequalities in China and India. The incidence of informal employment has also tended to grow or remained high in the BRICs. This complicates the task of extending the reach of social protection in these countries which is especially important in view of the rapid population ageing in some of them. Though improving educational attainment – especially in China and the Russian Federation – will undoubtedly help meet these challenges, policy action to promote transitions to formal employment will also be needed.*

## Introduction

A rebalancing of economic growth is underway in the OECD area, with growth slowing down in the United States and gaining strength in the majority of other OECD countries. Overall, employment trends have continued to improve. Projections suggest that 32 million persons would be unemployed in 2007, down from 33.6 million in 2006. Despite these favourable developments and tighter labour markets, real wages would continue to grow in line or even below productivity gains in the majority of OECD countries. Section 1 of this chapter reviews current economic growth and labour market developments in OECD countries as well as short-term projections. Section 2 focuses on labour market performance in Brazil, China, India and the Russian Federation – four large economies which have tended to support economic growth in the OECD area.

### 1. Recent labour market developments and prospects in OECD countries

Economic expansion in the OECD area continued to gather pace in 2006, despite high and volatile oil and commodity prices, current account imbalances and adjustments in housing markets (Table 1.1). At the same time, a rebalancing of economic growth has been underway, with growth slowing down in the United States, and gaining strength in OECD Europe, Japan and Mexico. Elsewhere, Australia, Canada, Korea and New Zealand witnessed a slowing in economic activity after several years of strong growth.

Robust expansion in emerging Asian economies, notably China and India, has continued to support OECD economies. Economic growth in China has exceeded 10%, mainly driven by exports and investments and despite tighter monetary conditions. Similarly, the pace of economic growth in India has accelerated to above 9%, supported by broad-based demand expansion. Other emerging Asian economies are also expanding rapidly. In the Russian Federation, economic growth reached close to 7% in 2006, mainly driven by investment despite reduced household consumption and a smaller contribution of net exports. Activity in Brazil also gathered pace in 2006.

#### **Economic outlook to the year 2008**

Economic growth in both 2007 and 2008 is expected to be below the outcomes achieved in 2006, mainly reflecting the deceleration in economic activity in the United States. Indeed, in OECD Europe, economic growth is projected to remain relatively strong. Likewise, in Japan, GDP would continue to grow above 2% in both 2007 and 2008, supported by business investment and a rapid expansion of trade with other Asian economies. Elsewhere, in Canada, activity is projected to re-accelerate after the slump in residential construction comes to an end. Activity is projected to remain strong in Korea, Mexico and Turkey, albeit at a reduced pace, while it is expected to strengthen in Australia.

In emerging large economies, economic expansion would remain robust in China – with economic growth again exceeding 10% in 2007 and 2008. In India, tighter macroeconomic policies might result in a moderate slowing of GDP growth to 8% in 2008. Activity is projected to moderate somewhat in the Russian Federation, while stronger, domestic-led growth would be achieved in Brazil.

Table 1.1. **Growth of real GDP in OECD countries**<sup>a, b</sup>  
Percentage change from previous period

	Share in total OECD GDP 2000	Average 1994-2004	2005	2006	Projections	
					2007	2008
<b>North America</b>						
Canada	3.2	3.3	2.9	2.7	2.5	3.0
Mexico	3.3	2.7	2.8	4.8	3.4	3.7
United States	35.9	3.2	3.2	3.3	2.1	2.5
<b>Asia</b>						
Japan	11.9	1.1	1.9	2.2	2.4	2.1
Korea	2.8	5.0	4.2	5.0	4.3	4.8
<b>Europe</b>						
Austria	0.8	2.2	2.6	3.4	3.2	2.6
Belgium	1.0	2.2	1.4	3.0	2.5	2.3
Czech Republic	0.6	2.6	6.1	6.1	5.5	5.0
Denmark	0.6	2.1	3.1	3.2	2.2	1.7
Finland	0.5	3.8	3.0	5.5	3.0	2.7
France	5.8	2.1	1.2	2.1	2.2	2.2
Germany	7.7	1.4	1.1	3.0	2.9	2.2
Greece	0.8	3.7	3.7	4.2	3.9	3.8
Hungary	0.5	3.9	4.2	3.9	2.5	3.1
Iceland	0.0	3.9	7.2	2.6	0.8	0.8
Ireland	0.4	7.8	5.5	6.0	5.5	4.1
Italy	5.4	1.6	0.2	1.9	2.0	1.7
Luxembourg	0.1	4.3	3.9	6.2	4.8	5.2
Netherlands	1.7	2.7	1.5	2.9	2.9	2.9
Norway	0.6	3.1	2.7	2.9	3.1	2.6
Poland	1.5	4.6	3.6	6.1	6.7	5.5
Portugal	0.7	2.8	0.5	1.3	1.8	2.0
Slovak Republic	0.2	4.0	6.0	8.3	8.7	7.6
Spain	3.1	3.6	3.5	3.9	3.6	2.7
Sweden	0.9	2.9	2.9	4.7	4.3	3.5
Switzerland	0.8	1.4	1.9	2.7	2.1	2.2
Turkey	1.7	4.1	7.4	6.0	5.7	6.2
United Kingdom	5.5	2.9	1.9	2.8	2.7	2.5
<b>Oceania</b>						
Australia	1.9	3.8	3.0	2.4	3.3	3.3
New Zealand	0.3	3.5	2.5	1.7	2.1	1.6
<b>OECD Europe</b>	<b>40.8</b>	<b>2.5</b>	<b>2.1</b>	<b>3.1</b>	<b>3.0</b>	<b>2.7</b>
<b>EU15</b>	<b>34.9</b>	<b>2.2</b>	<b>1.5</b>	<b>2.7</b>	<b>2.6</b>	<b>2.2</b>
<b>EU19</b>	<b>37.6</b>	<b>2.4</b>	<b>1.8</b>	<b>3.0</b>	<b>2.9</b>	<b>2.5</b>
<b>Total OECD</b>	<b>100.0</b>	<b>2.7</b>	<b>2.6</b>	<b>3.2</b>	<b>2.7</b>	<b>2.7</b>

a) The OECD Secretariat's projection methods and underlying statistical concepts and sources are described in detail in "Sources and Methods: OECD Economic Outlook" which can be downloaded from the OECD Internet site ([www.oecd.org/dataoecd/47/9/36462096.pdf](http://www.oecd.org/dataoecd/47/9/36462096.pdf)).

b) Aggregates are computed on the basis of 2000 GDP weights expressed in 2000 purchasing power parities.

Source: OECD (2007b), OECD Economic Outlook, No. 81, May, Paris.

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## **Employment and unemployment**

The employment record improved significantly in 2006 in the OECD area as a whole (Table 1.2). Employment growth accelerated in the OECD area, up from 1.1% in 2005 to 1.6% in 2006. The acceleration in employment growth was especially strong in OECD Europe. Remarkably, in practically all European countries, employment grew faster in 2006 than in the previous year (the only exceptions were the Czech Republic, Ireland, Spain and the United Kingdom – but these countries already enjoyed high employment growth in previous years). In the United States, the slowdown in activity did not affect the labour market, as employment grew at a slightly greater pace than in 2005. Employment also grew rapidly in Canada and Mexico. In Japan, employment growth has still been modest at 0.4%, despite faster economic growth, while employment growth remained unchanged in Korea.

Employment growth outpaced labour force growth in most OECD countries, thereby leading to a fall in unemployment rates in 2006. The number of unemployed persons in the OECD area declined by over 2.5 million in 2006, much more sharply than in the previous year. There were 33.6 million job seekers, or 5.9% of the labour force, in 2006 – down from 6.5% in 2005 (Table 1.3). Interestingly, the unemployment rate fell in all OECD countries except Hungary, Iceland, Mexico, New Zealand and the United Kingdom – in the latter four countries, the increase in unemployment was small and from low levels – while the unemployment rate stabilised in Ireland and Portugal. Sharp falls in unemployment rates of one percentage point or more occurred in Germany, Greece, Italy, Norway, Poland and the Slovak Republic.

On average in the OECD area, employment growth is projected to fall gradually to 1.3% in 2007 and 1.0% in 2008. Reflecting expected patterns for economic growth, employment growth would decelerate markedly in the United States and much less in most other OECD countries. However, in Japan, employment growth is projected to fall in absolute terms in 2008, reflecting negative labour force growth – more workers reaching retirement age than new entrants. In contrast, in Australia, Canada and Mexico employment growth is projected to accelerate in 2007.

Unemployment is projected to continue declining during 2007 and 2008 in the OECD area, producing a cumulative decline of close to two million persons and bringing the unemployment rate down to 5.5% in 2008. In OECD Europe, unemployment rates are projected to fall during the next two years by more than one percentage point, to reach 6.6% in 2008. While still remaining more than one percentage above OECD average, the gap is gradually closing. One exception to this European trend is Hungary, where the unemployment rate is projected to rise in 2007 due to a slowdown in economic and employment performances. The decline in unemployment rates would continue in 2007 and 2008 in Australia, Canada and Japan. By contrast, the unemployment rate is expected to rise somewhat in Mexico, the United States and more so in Iceland and New Zealand, albeit from low levels.

## **Real compensation**

Despite lower unemployment rates in the OECD area, there are no significant upward pressures on real wage gains. Average real compensation per employee in the business sector (henceforth real compensation) has risen from 0.6% in 2005 to 1.2% in 2006, but it remains well below overall labour productivity growth – of around 1½ per cent. This growth rate is also on par with the average growth during the 1994-2004 period, a decade of wage moderation (Table 1.4).

Table 1.2. **Employment and labour force growth in OECD countries<sup>a</sup>**  
 Percentage change from previous period

	Employment						Labour force					
	Level 2005 (000s)	Average 1994-2004	2005	2006	Projections		Level 2005 (000s)	Average 1994-2004	2005	2006	Projections	
					2007	2008					2007	2008
<b>North America</b>												
Canada	16 169	2.0	1.4	2.0	2.2	1.6	17 341	1.7	0.9	1.4	2.0	1.5
Mexico	40 978	2.4	-0.7	2.1	2.2	2.4	42 463	2.4	-0.2	2.1	2.7	2.2
United States	141 715	1.2	1.8	1.9	1.1	0.6	149 296	1.2	1.3	1.4	1.3	0.9
<b>Asia</b>												
Japan	63 561	-0.2	0.4	0.4	0.2	-0.3	66 505	0.0	0.1	0.1	0.0	-0.6
Korea	22 856	1.3	1.3	1.3	1.0	1.0	23 743	1.4	1.4	1.0	1.0	1.0
<b>Europe</b>												
Austria	4 118	0.5	0.3	1.0	0.9	0.7	4 370	0.5	0.4	0.6	0.7	0.7
Belgium	4 251	0.8	1.0	1.1	1.1	0.9	4 643	0.7	0.9	0.8	0.4	0.4
Czech Republic	4 749	-0.4	1.4	1.3	1.5	0.8	5 159	0.1	1.0	0.4	0.7	0.4
Denmark	2 767	0.5	0.7	1.9	1.2	-0.2	2 907	0.3	0.0	0.7	0.5	0.1
Finland	2 392	1.6	1.5	1.8	1.4	0.4	2 612	0.5	1.1	1.0	0.6	0.1
France	24 848	1.1	0.5	0.9	0.9	0.9	27 559	0.9	0.4	-0.1	0.2	0.5
Germany	38 823	0.4	-0.1	0.7	1.2	0.8	42 716	0.6	-0.2	-0.4	0.1	0.1
Greece	4 625	0.9	1.6	2.4	1.6	1.4	5 103	1.1	0.9	1.3	1.2	1.2
Hungary	3 856	0.6	0.0	0.8	0.3	0.5	4 160	0.0	1.2	1.0	0.8	0.4
Iceland	161	1.3	3.3	5.1	1.1	0.0	166	1.0	2.8	5.4	-0.1	0.9
Ireland	1 952	4.1	4.7	4.4	3.4	2.4	2 041	2.9	4.6	4.5	3.3	2.4
Italy	22 306	1.0	0.7	2.2	1.6	0.9	24 189	0.7	0.4	1.2	1.0	0.6
Luxembourg	202	1.8	1.8	1.9	1.6	2.3	212	2.0	2.3	1.7	1.4	1.8
Netherlands	8 191	1.6	0.0	0.9	1.4	1.2	8 618	1.4	0.1	0.5	0.5	0.3
Norway	2 289	1.1	0.6	3.2	2.3	0.8	2 399	1.0	0.7	2.0	1.5	0.8
Poland	14 116	-0.6	2.3	3.4	3.0	2.0	17 161	-0.1	0.8	-1.3	-0.1	0.3
Portugal	5 094	1.0	0.1	0.7	0.7	1.0	5 516	1.0	1.2	0.7	0.6	0.5
Slovak Republic	2 216	0.3	2.1	3.8	3.1	2.3	2 643	0.8	-0.3	0.4	0.9	1.0
Spain	18 973	3.9	4.8	4.1	3.4	2.6	20 886	2.9	3.2	3.3	3.0	2.7
Sweden	4 254	0.7	1.0	2.0	2.2	1.3	4 516	0.4	1.3	1.5	1.6	0.7
Switzerland	4 196	0.5	0.4	2.2	1.4	1.0	4 383	0.6	0.5	1.7	0.9	0.6
Turkey	22 546	0.8	1.1	1.2	1.3	1.4	25 065	1.0	1.1	1.0	1.2	1.3
United Kingdom	28 730	1.1	0.9	0.8	1.0	1.1	30 192	0.6	1.0	1.4	1.0	1.1
<b>Oceania</b>												
Australia	10 014	2.0	3.3	2.0	2.3	1.4	10 550	1.6	2.8	1.8	2.0	1.5
New Zealand	2 073	2.2	2.8	2.1	1.2	0.1	2 152	1.7	2.5	2.2	0.1	0.7
<b>OECD Europe<sup>b</sup></b>	<b>203 110</b>	<b>1.0</b>	<b>1.1</b>	<b>1.7</b>	<b>1.5</b>	<b>1.2</b>	<b>222 152</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>
<b>EU15<sup>b</sup></b>	<b>171 527</b>	<b>1.2</b>	<b>1.0</b>	<b>1.5</b>	<b>1.4</b>	<b>1.2</b>	<b>186 080</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>0.9</b>	<b>0.8</b>
<b>EU19<sup>b</sup></b>	<b>196 464</b>	<b>1.0</b>	<b>1.1</b>	<b>1.6</b>	<b>1.5</b>	<b>1.2</b>	<b>215 204</b>	<b>0.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.8</b>	<b>0.7</b>
<b>Total OECD<sup>b</sup></b>	<b>523 021</b>	<b>1.1</b>	<b>1.1</b>	<b>1.6</b>	<b>1.3</b>	<b>1.0</b>	<b>559 266</b>	<b>1.0</b>	<b>0.8</b>	<b>1.0</b>	<b>1.1</b>	<b>0.8</b>

a) See note a) to Table 1.1.

b) Aggregates are computed using employment and labour force weights respectively.

Source: OECD (2007b), OECD Economic Outlook, No. 81, May, Paris.

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Table 1.3. Unemployment in OECD countries<sup>a</sup>

	Percentage of labour force					Millions				
	Average 1994-2004	2005	2006	Projections		Average 1994-2004	2005	2006	Projections	
				2007	2008				2007	2008
<b>North America</b>										
Canada	8.2	6.8	6.3	6.1	6.0	1.3	1.2	1.1	1.1	1.1
Mexico	3.1	3.5	3.6	3.9	3.7	1.2	1.5	1.5	1.8	1.8
United States	5.2	5.1	4.6	4.6	4.8	7.2	7.6	7.0	7.1	7.5
<b>Asia</b>										
Japan	4.2	4.4	4.1	3.8	3.6	2.9	2.9	2.8	2.5	2.4
Korea	3.8	3.7	3.5	3.4	3.4	0.8	0.9	0.8	0.9	0.9
<b>Europe</b>										
Austria	5.3	5.8	5.5	5.3	5.3	0.2	0.3	0.2	0.2	0.2
Belgium	8.5	8.4	8.2	7.4	7.1	0.4	0.4	0.4	0.4	0.3
Czech Republic	6.6	8.0	7.2	6.5	6.1	0.3	0.4	0.4	0.3	0.3
Denmark	5.4	4.8	3.9	3.4	3.5	0.2	0.1	0.1	0.1	0.1
Finland	11.8	8.4	7.7	7.0	6.8	0.3	0.2	0.2	0.2	0.2
France	10.6	9.8	9.0	8.4	8.0	2.8	2.7	2.5	2.3	2.2
Germany	7.8	9.1	8.1	6.9	6.3	3.2	3.9	3.4	3.1	2.8
Greece	9.6	9.4	8.4	8.1	7.9	0.5	0.5	0.4	0.4	0.4
Hungary	7.8	7.3	7.5	7.6	7.5	0.3	0.3	0.3	0.3	0.3
Iceland	3.3	2.6	2.9	2.9	3.8	0.0	0.0	0.0	0.0	0.0
Ireland	7.4	4.4	4.4	4.3	4.3	0.1	0.1	0.1	0.1	0.1
Italy	10.2	7.8	6.9	6.3	6.0	2.4	1.9	1.7	1.6	1.5
Luxembourg	3.2	4.6	4.4	4.2	3.7	0.0	0.0	0.0	0.0	0.0
Netherlands	4.6	5.0	4.5	3.7	2.8	0.4	0.4	0.4	0.3	0.2
Norway	4.1	4.6	3.4	2.7	2.7	0.1	0.1	0.1	0.1	0.1
Poland	15.3	17.7	13.8	11.2	9.7	2.6	3.0	2.3	1.9	1.6
Portugal	5.8	7.7	7.7	7.6	7.1	0.3	0.4	0.4	0.4	0.4
Slovak Republic	15.6	16.2	13.3	11.5	10.3	0.4	0.4	0.4	0.3	0.3
Spain	13.6	9.2	8.5	8.2	8.1	2.3	1.9	1.8	1.8	1.8
Sweden	6.1	5.8	5.3	4.8	4.3	0.3	0.3	0.2	0.2	0.2
Switzerland	3.4	4.3	3.8	3.3	2.9	0.1	0.2	0.2	0.2	0.1
Turkey	8.0	10.0	9.8	9.7	9.6	1.9	2.5	2.5	2.5	2.5
United Kingdom	6.4	4.8	5.5	5.5	5.5	1.9	1.5	1.7	1.7	1.7
<b>Oceania</b>										
Australia	7.2	5.1	4.9	4.6	4.6	0.7	0.5	0.5	0.5	0.5
New Zealand	6.0	3.7	3.7	3.9	4.4	0.1	0.1	0.1	0.1	0.1
<b>OECD Europe<sup>b</sup></b>	<b>9.0</b>	<b>8.6</b>	<b>7.7</b>	<b>7.1</b>	<b>6.6</b>	<b>19.1</b>	<b>19.0</b>	<b>17.3</b>	<b>16.0</b>	<b>15.1</b>
<b>EU15<sup>b</sup></b>	<b>8.6</b>	<b>7.8</b>	<b>7.3</b>	<b>6.8</b>	<b>6.4</b>	<b>15.2</b>	<b>14.6</b>	<b>13.6</b>	<b>12.9</b>	<b>12.3</b>
<b>EU19<sup>b</sup></b>	<b>9.2</b>	<b>8.7</b>	<b>7.9</b>	<b>7.2</b>	<b>6.8</b>	<b>18.8</b>	<b>18.7</b>	<b>17.0</b>	<b>15.7</b>	<b>14.9</b>
<b>Total OECD<sup>b</sup></b>	<b>6.6</b>	<b>6.5</b>	<b>5.9</b>	<b>5.6</b>	<b>5.5</b>	<b>35.1</b>	<b>36.2</b>	<b>33.6</b>	<b>32.4</b>	<b>31.8</b>

a) See note a) to Table 1.1.

b) Unemployment rates aggregates are computed using labour force weights.

Source: OECD (2007b), OECD Economic Outlook, No. 81, May, Paris.

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Table 1.4. **Real compensation per employee in the business sector in OECD countries<sup>a, b</sup>**

Percentage change from previous period

	Average 1994-2004	2005	2006	Projections	
				2007	2008
<b>North America</b>					
Canada	1.5	3.0	2.3	2.0	1.7
Mexico	-3.3	1.6	1.0	0.2	0.4
United States	2.0	0.7	1.8	1.5	2.2
<b>Asia</b>					
Japan	-0.2	0.9	0.4	0.8	1.5
Korea	1.4	0.1	2.2	1.8	2.0
<b>Europe</b>					
Austria	0.5	-0.1	1.3	0.8	1.1
Belgium	0.6	-1.1	0.3	0.5	0.7
Czech Republic	..	2.0	4.6	4.5	3.7
Denmark	1.6	1.4	0.7	2.1	2.0
Finland	1.6	2.9	1.2	1.3	1.8
France	0.9	0.6	2.4	2.1	1.6
Germany	0.2	-1.4	-0.7	-0.4	0.8
Greece	3.3	1.0	2.8	3.0	3.1
Hungary	1.6	2.5	4.3	-0.3	2.2
Iceland	3.3	11.0	2.1	5.9	2.4
Ireland	1.6	4.2	1.3	1.9	1.5
Italy	-0.5	-0.1	-0.8	1.1	0.6
Luxembourg	0.7	0.0	-1.1	1.9	0.3
Netherlands	0.9	-0.9	-0.9	0.6	0.7
Norway	2.3	3.6	3.6	4.4	3.1
Poland	..	-1.0	3.3	4.0	4.1
Portugal	1.2	0.8	-0.7	0.3	0.2
Slovak Republic	2.3	3.4	0.4	5.1	4.3
Spain	-0.1	-1.6	-0.5	1.0	0.3
Sweden	2.4	2.0	0.4	2.0	1.7
Switzerland	0.7	-0.4	-0.4	1.0	0.7
Turkey	..	..	..	..	..
United Kingdom	2.0	1.9	1.3	2.2	2.2
<b>Oceania</b>					
Australia	1.6	2.3	2.2	2.7	2.5
New Zealand	1.3	3.3	2.2	2.3	2.0
<b>OECD Europe<sup>c</sup></b>	<b>0.8</b>	<b>0.1</b>	<b>0.6</b>	<b>1.3</b>	<b>1.4</b>
<b>EU15</b>	<b>0.7</b>	<b>0.0</b>	<b>0.3</b>	<b>1.1</b>	<b>1.1</b>
<b>EU19<sup>c</sup></b>	<b>0.8</b>	<b>0.1</b>	<b>0.6</b>	<b>1.4</b>	<b>1.4</b>
<b>Total OECD less high-inflation countries<sup>c, d</sup></b>	<b>1.1</b>	<b>0.6</b>	<b>1.1</b>	<b>1.3</b>	<b>1.6</b>
<b>Total OECD<sup>c</sup></b>	<b>1.0</b>	<b>0.6</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>

.. : Data not available.

a) See note a) to Table 1.1.

b) Compensation per employee in the business sector is deflated by a price deflator for private final consumption expenditures and aggregates are computed on the basis of 2000 GDP weights expressed in 2000 purchasing power parities.

c) Countries shown.

d) High-inflation countries are defined as countries which had 10% or more inflation in terms of GDP deflator on average between 1994 and 2004 on the basis of historical data. Consequently, Hungary, Mexico and Poland are excluded from the aggregate.

Source: OECD (2007b), OECD Economic Outlook, No. 81, May, Paris.

StatLink  <http://dx.doi.org/10.1787/024364130537>

OECD projections indicate that average real compensation growth is projected to rise gradually to 1.4% in 2007 and 1.7% in 2008, as labour markets tighten. In the United States, average real compensation has accelerated somewhat in 2006, and is set to continue growing quickly over the next two years, broadly above labour productivity gains. In OECD Europe, real compensation has grown moderately in 2006 and its pace is expected to quicken somewhat in 2007 and 2008 – rising on par with labour productivity growth. But, the situation is quite varied across European countries, with Germany, Italy, Luxembourg, the Netherlands, Portugal, Spain and Switzerland suffering cuts in real compensation in 2006, and real compensation growing at more than 2% in the Czech Republic, France, Greece, Hungary, Iceland, Norway and Poland. Real compensation is set to grow at a faster pace in all European countries over the next two years – broadly in line with labour productivity growth, and in response to improving labour market conditions. One exception is Germany, where real compensation would continue to fall in 2007.

In Japan, real compensation has grown more moderately in 2006. It will gather pace over the next two years as the labour market tightens further, but will remain below labour productivity growth. The tightening of the labour market has started to put upward pressure on wages for some groups. However, at the aggregate level such tendencies tend to offset each other, with the retirement of well-paid regular workers and the entry of younger, lower-paid workers.

Elsewhere, real compensation has continued to grow above 2% in 2006 in Australia, Canada, Korea and New Zealand and is projected to remain significant during 2007 and 2008 – which is above labour productivity growth, except in Korea. Real compensation growth has slowed in Mexico in 2006 and will slowdown further in 2007, before picking up somewhat at the end of the projection period.

## 2. Labour markets in Brazil, China, India and the Russian Federation

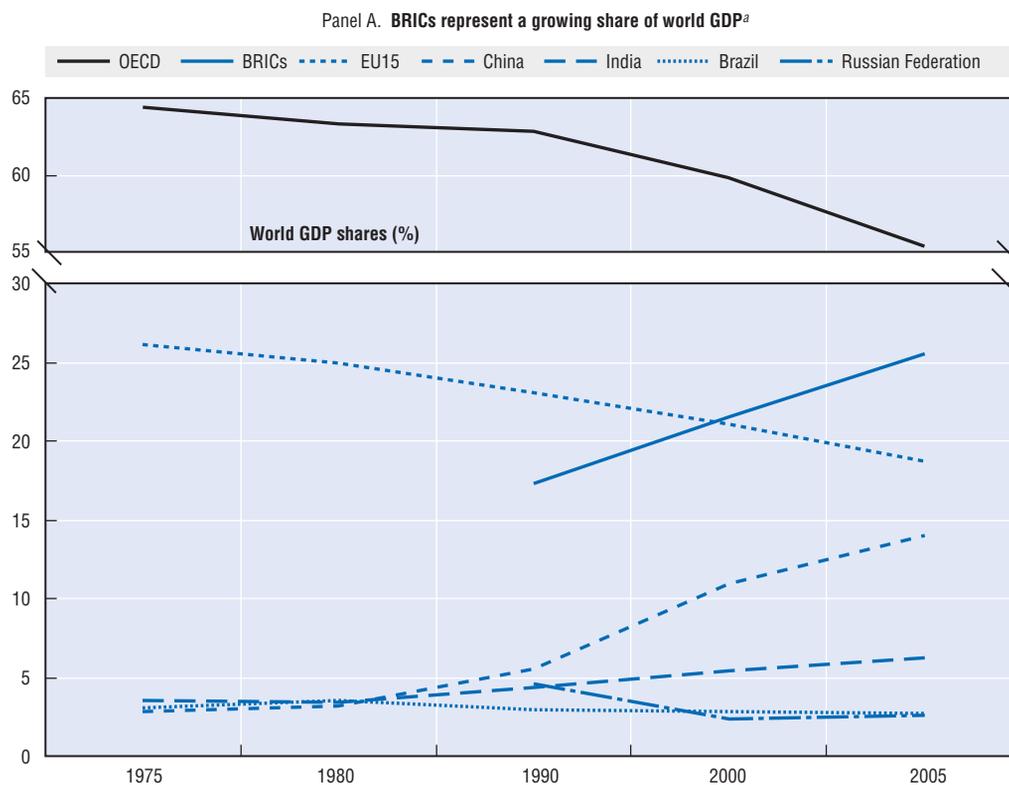
### Introduction

One of the most important recent developments in the world economy is the increasing economic integration of large non-OECD countries, in particular Brazil, China, India and the Russian Federation – the so-called BRICs. Already, the BRICs represent over one fourth of world GDP (measured in purchasing power parities), up from 17% in 1990 (Figure 1.1, Panel A) and rank among the ten largest world economies. And this is likely to rise further in coming years, if the ongoing strong economic performance currently enjoyed by most of these countries continues, as many commentators expect.

Increased prosperity in the BRICs is a major achievement for these countries, while also creating new growth opportunities for OECD economies. Indeed, the BRICs have become much more open to international trade and investment (Figure 1.1, Panel B). Total trade in goods and services represented in 2004 two thirds of GDP in China, 56% in the Russian Federation, 40% in India and 31% in Brazil – compared with 42%, on average, in the OECD. The BRICs also absorb a significant share of OECD foreign direct investment outflows.

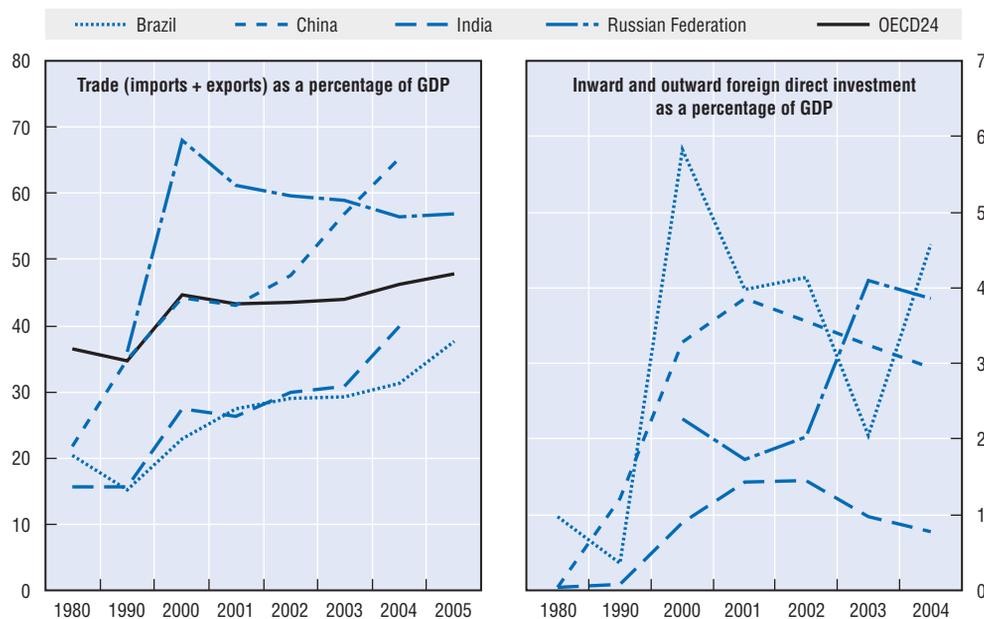
Therefore, it has become crucial for OECD economies that the BRICs maintain a sustained growth path. Sound labour markets are of paramount importance in this respect. As discussed in Chapter 2, economic growth depends to a large extent on the functioning of the labour market, as well as improvements in job quality and productivity. The purpose of this section is to show how the labour markets in the BRICs compare with those of

Figure 1.1. **World GDP shares and openness to foreign trade and investment in BRICs and selected OECD areas since 1980**



Panel B. BRIC countries have increased their international trade exposure...

... while foreign direct investment has risen in Brazil, China and the Russian Federation and to a lesser extent in India



a) GDP in 2000 prices and USD PPPs.

Source: World Bank (2006), World Development Indicators; and OECD (2006c), OECD Economic Outlook, No. 80.

StatLink <http://dx.doi.org/10.1787/022817521685>

OECD countries and to highlight areas where the functioning of labour markets in the BRICs may need to be improved. This analysis takes into account the fact that the labour markets in the BRICs have a number of distinguishing features from those of the OECD countries, as well as significant differences between them.

The section starts by looking at how employment and unemployment rates in the BRICs have responded to the recent economic record in these countries. It is notoriously difficult to assess the international comparability of employment data in the BRICs. Nevertheless, for the purposes of this chapter, comparable employment data have been estimated on the basis of both national and international sources. The section then focuses on key qualitative aspects of employment – notably the incidence of employment informality – as well as trends in wages and incomes. The section finally examines key labour supply developments.

### **Main findings**

- *The rapid recent economic expansion in the BRICs has led to significant employment gains in these countries.* Over the 2000-05 period, the four countries taken together created over 22 million net new jobs, on average, per year. This is more than five times the net employment gains recorded in the OECD area as a whole over the same period. As a result, employment rates have risen in Brazil, India and the Russian Federation and remained high in China. Estimated employment rates in Brazil and China (urban areas), at about 70%, are higher than OECD average. The estimated employment rate in the Russian Federation is close to the OECD average, while it is well below that average in India (urban areas). These estimates are very similar to the employment rates estimated by either the World Bank or ILO, with the exception of China. For the latter country, the estimated employment rate is derived from the population census and is lower than the World Bank and ILO estimates – these are based on registration data, which reduces the scope for international comparability.
- *Despite these achievements, there is still significant under-employment in all four countries.* First, unemployment rates, at 8-9%, are relatively high in Brazil, the Russian Federation and urban China – moreover, in the latter country, many laid-off workers from state enterprises are seeking jobs and should be counted as unemployed, although they are not registered as such in Chinese statistics. In the absence of a benefit system for most jobseekers in urban India, the open unemployment figures for this country are of limited relevance to assess the degree of labour market slack. Second, there is significant under-employment among women in Brazil and India and among older workers in the Russian Federation. Third, in China and India, the rural sector is characterised by excess labour and remains large: despite significant rural-urban migration, almost two-thirds of Chinese workers are employed in rural areas and 79% in the case of India. Estimates carried out for the purposes of this chapter suggest that the labour surplus in rural areas may be around 170 million workers in China and 130 million workers in India.
- *Another major employment challenge in the BRICs lies in the significant incidence of employment informality in most of these countries.* Employment in the informal sector represents about 45% of total employment in Brazil, 53% in China and over 90% in India. Importantly, despite faster economic growth, the incidence of informal-sector employment remains stubbornly high in the three countries, which shows that the phenomenon reflects pervasive structural barriers to transitions to formal employment. Available estimates suggest that informal employment in the Russian Federation is much lower than in Brazil, China and India, coming closer to values observed in OECD central and eastern European countries.

- *High employment growth has gone hand-in-hand with falling poverty rates in the BRICs, especially in China.* However, wage inequalities widened over the past decade in China and India and remained persistently high in Brazil and the Russian Federation. This suggests that, in contrast with predictions from standard trade theory, the international integration of Brazil, China and India (unskilled-labour abundant countries) has not been associated with higher relative wages of unskilled workers in these countries.
- *Looking at medium-term challenges, the BRICs will undergo significant population ageing over the next two decades, reflecting both lower fertility rates and improved longevity.* Over the next 15 years, and on the assumption of constant participation rates, labour force growth will slow somewhat in India. In Brazil, labour force growth over the next 15 years will be cut by half compared with the past 15 years. In China, it will practically stagnate and in the Russian Federation, the size of the labour force could even contract in the near future.
- *Another key medium-term trend is the significant improvement in educational attainment in the BRICs.* At present, workers in Brazil, China and India have much lower educational attainment than in the majority of OECD countries – while the opposite holds true in the Russian Federation, a country where educated labour is more abundant than in the average OECD country. However, educational attainment is improving rapidly in all three countries, especially in China.

### **A. How have employment and unemployment reacted to the expansion in the BRICs?**

#### **The BRICs have recorded significant net employment gains since 2000**

Over the period 2000-05, India generated 11.3 million net new jobs per year, on average. The figure was 7 million in China, 2.7 million in Brazil and 0.7 million jobs in the Russian Federation, compared with an average of 3.7 million net new jobs generated in the OECD area as a whole each year over the same period.

These significant net employment gains have translated into higher employment rates in the BRICs (according to estimates made for the purposes of this chapter – see Box 1.1). Since 2000, employment rates increased in Brazil, India and the Russian Federation and remained high in China (Figure 1.2 below and Table 1.A1.1). It should be noted that data for Brazil and the Russian Federation are in principle more comparable to those for OECD countries than data for China and India. Thus, data for the latter two countries are presented for urban areas only. More generally, as will be discussed below, employment and unemployment statistics need to be complemented with other data in order to grasp the real extent of labour market slack in the BRICs.

#### **Despite strong job creation, the employment content of economic growth is low (except in Brazil)...**

In China, India and the Russian Federation, the elasticity of employment to economic growth is relatively low (Table 1.5). This means that the Chinese and Indian economies need to grow rapidly in order to be able to absorb the relatively high number of young people who will enter the labour market over the next few years. Though the employment elasticity in the Russian Federation is also low, this is less of a problem because the demographics in this country are less dynamic than in China and India. Finally, the employment content of economic growth in Brazil is much larger than in the other three countries. This might reflect the fact that services employment has followed a steep upward trend in Brazil – possibly as a result of structural reform in that sector.<sup>1</sup>

### Box 1.1. **Are employment statistics in the BRICs comparable internationally?**

This box examines the conformity of the employment and unemployment estimates used in this chapter *vis-à-vis* ILO guidelines. For China and India, data on employment and unemployment are shown for urban areas only. Indeed, in these two countries, estimates of employment and unemployment are not comparable with data for OECD countries. This reflects considerable under-employment in rural areas in both China and India – to an extent which is difficult to gauge.

#### **Brazil and the Russian Federation**

Data for Brazil and the Russian Federation are from national household labour force surveys, which are designed to be consistent with ILO recommendations in this area.

#### **India**

Data reported in the tables and figures are from successive five-yearly rounds of the National Sample Survey – a country-wide survey of households – covering the months of July to June, for the following years: 1987/88, 1993/94, 1999/2000 and 2004/05.

The National Sample Survey allows estimating employment and unemployment figures according to three concepts:

*Usual status* is based on self-reported activity status during the year preceding the date of the survey. This takes into account the main activity as well as any “subsidiary” or occasional activity performed during the reference year. It covers the vast majority of seasonal employment generated by the agriculture sector, as well as female casual work and part-time employment. The concept is used in different official publications and by the Indian Economic Planning Commission to assess the evolution of employment and wages for different segments of the workforce. Employment estimates according to usual status are reported in Table 1.A1.3.

*Current weekly status* provides the activity status of a person in the seven days preceding the survey and comes closer to the ILO methodology for measuring employment and unemployment. According to this classification, a person’s working status is determined based on a criterion of one or more hours worked at least one day in the seven days of the reference week. This definition of employment allows for temporary absence from work due to sickness and other reasons. Further, persons not working who are seeking a job or are available to start working during the reference week are considered as unemployed. This definition considers that those actively seeking a job are available for work, while those available for work and not seeking work are also considered as unemployed. The latter category is a departure from the standard ILO definition of unemployment and would rather be categorised as discouraged workers. Thus, unemployment as measured by the currently weekly status is somewhat over-estimated. Employment and unemployment estimates according to current weekly status are shown in Tables 1.A1.1 and 1.A1.2, and in Figures 1.2 and 1.3.

Comparing unemployment according to usual status and current weekly status provides an estimate of seasonal employment and other types of part-year work.

*Current daily status* is a time use approach to classify interviewed persons according to activities undertaken during each of the seven reference days preceding the date of the survey. The activity status in the reference week is determined on the basis of the major time criterion.<sup>a</sup> Data based on current daily status are quoted by Indian labour market experts as to fully capture open unemployment, and unemployment rates based on this concept are used in *The Economist* scoreboard. However, data based on the current daily status are not internationally comparable. This is why this chapter uses mainly current weekly status – which is the closest to ILO concept – in order to compare India with other countries.

### Box 1.1. Are employment statistics in the BRICs comparable internationally? (cont.)

#### China

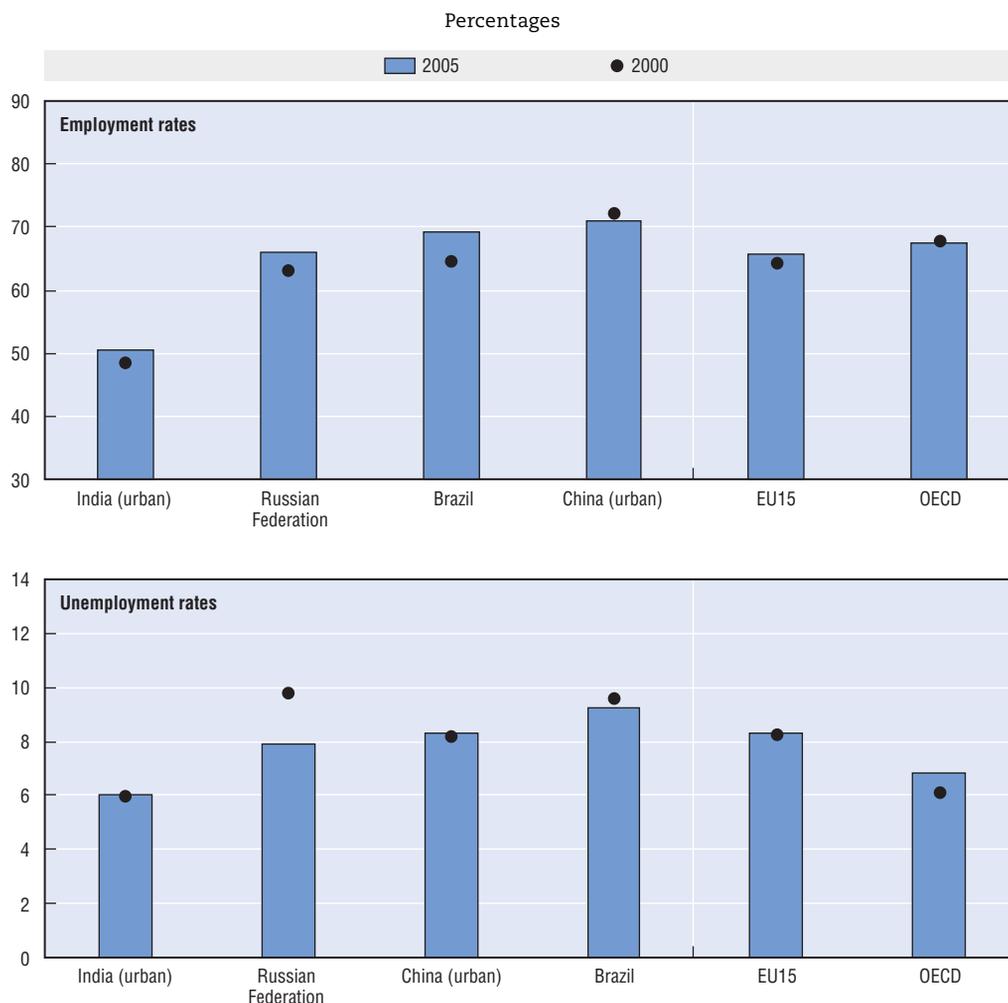
Data for China refer to mainland China, excluding the Special Administrative Regions of Hong Kong, China and Macao. Estimates reported in the *China Statistical Yearbook* and the World Bank, World Development Indicators are based on *registration data*. Employment data cover mainly registered enterprises, i.e. state-owned and collectively-owned units – the traditional formal sector; private units; foreign-funded firms; self-employed in urban areas; township and village enterprises; private enterprises and self-employment in rural areas. Official statistics also report data on unknown sectors which are considered in this chapter to correspond to “informal” employment. Irregular or informal employment is composed of: i) rural migrant workers who cannot work in registered enterprises (at least until recently) due to the *hukou* system of registration; and ii) workers laid-off from state enterprises who take informal employment on a temporary basis while still remaining nominally attached to their previous work units for welfare benefits and re-employment opportunities.<sup>b</sup>

The fact that a large proportion of laid-off workers from state enterprises are unemployed suggests that registration data under-estimate unemployment and over-estimate employment. Similarly, some workers forced into early retirement before the age of official retirement – 60 for men and 58 for women – may be seeking work but are denied registration at public employment offices. And rural migrants, school-leavers and first market entrants looking for jobs are not allowed to appear on unemployment registers (Knight and Xue, 2006).

This is why, for the purpose of this chapter, the 2000 *population census* (rather than registration data) is used to estimate urban employment and unemployment (Figures 1.2 and 1.3, and Tables 1.A1.1 and 1.A1.2). Such data are closer in line with ILO concepts and allow in particular a classification of laid-off workers as unemployed or inactive, based on job-search and work-availability criteria. The results from the latest census serve as a benchmark for the data reported in this chapter. Data for the longer period are obtained from applying annual growth rates from employment, labour force and population data from successive editions of the *China Statistical Yearbook*. Unemployment figures are derived as residuals from labour force and employment estimates.

Registration data are, however, used in Table 1.A1.3 to describe the levels and changes in the employment structure in rural and urban areas by type of enterprise unit and jobs.

- a) Activities are classified according to half-day units for each activity in a day and are aggregated to generate estimates of person-days in employment or unemployment. Labour force estimates in person-days are obtained as the sum of person-days in employment and unemployment, which are used to calculate employment and unemployment rates.
- b) Registered employment data are likely to include laid-off workers from state enterprises as part of the labour retrenchment scheme (i.e. the *xiagang* scheme). These laid-off workers maintain their relationship with their previous employers who continue to pay them subsistence subsidies and ensure their social protection – housing, health coverage and old-age pension – until they are re-employed. The *xiagang* scheme introduced in 1993 to facilitate shedding of surplus labour from state enterprises was phased out in 2004.

Figure 1.2. **Employment and unemployment rates in BRICs and selected OECD areas**

Source: Table 1.A1.1.

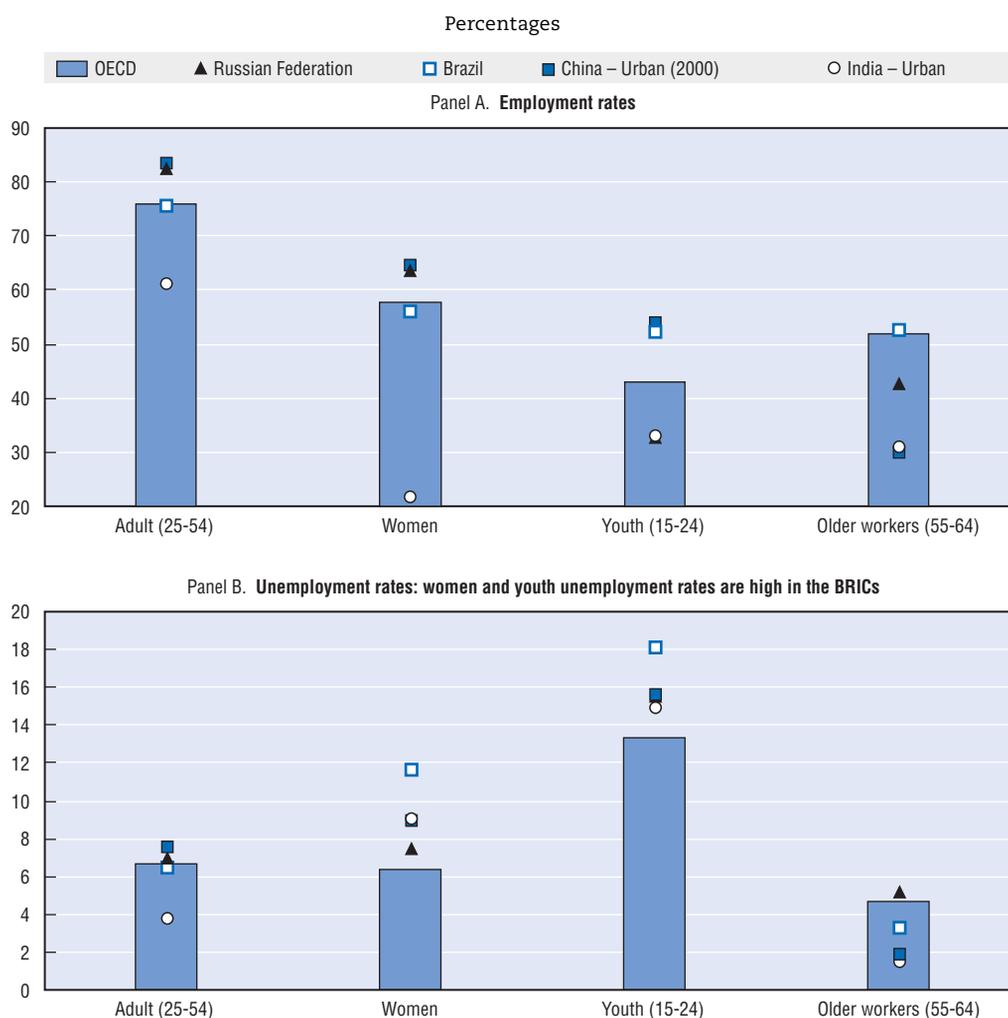
StatLink  <http://dx.doi.org/10.1787/022818383622>

### **... and, in all the BRICs, under-employment remains significant**

Despite the rapid net employment gains recorded in recent years, under-employment is still sizeable in the BRICs.

First, some groups are significantly under-represented in the labour market. In China, while the urban employment rate among men is higher than in 19 OECD countries, the urban employment rate among women is relatively low (Figure 1.3). Below OECD employment rates are visible for female workers in India, youth in India and the Russian Federation and older workers in all the BRICs except Brazil.

Second, unemployment rates in Brazil and the Russian Federation, as well as in urban China, are relatively high. In 2005, unemployment rates were close to 9% in Brazil and 8% in the Russian Federation, two countries which have an unemployment benefit system (Figure 1.2 above and Table 1.A1.1). According to official estimates, registered unemployment rates in China are around 4% in urban areas, where workers are entitled to a limited unemployment registration system since the mid-1990s. However, official

Figure 1.3. **Employment and unemployment rates for various groups in BRICs and OECD**

Source: Table 1.A1.2.

StatLink <http://dx.doi.org/10.1787/022842264164>Table 1.5. **Employment elasticities, 1992-2004**

Relative to GDP growth

	1992-96	1996-2000	2000-04	1992-2004
Brazil	0.4	1.0	1.2	0.9
China	0.1	0.1	0.1	0.1
India	0.3	0.3	0.3	0.3
Russian Federation	0.3	0.3	0.1	0.2
OECD	0.3	0.4	0.3	0.3

Source: ILO, Global Employment Trends Model.

StatLink <http://dx.doi.org/10.1787/024386230735>

estimates do not properly reflect unemployment of rural-urban migrants or workers laid-off<sup>2</sup> from state- and collectively-owned units<sup>3</sup> who are seeking work (Box 1.1). OECD estimates based on population census suggest that the urban unemployment rate is probably higher than officially estimated. Indeed, the unemployment rate in urban areas

estimated for the purposes of this chapter was 8.3% in 2005, in line with other studies (Knight and Xue, 2003; and Giles, Park and Zhang, 2004). In India, the urban unemployment rate is estimated at 6% in 2004/05 (according current weekly status of surveyed population in the five-yearly National Sample Survey of households). This rate is the closest to the ILO definition<sup>4</sup> and its low level is explained by the absence of a compensation system for job loss, with the main exception of workers in the organised formal sector.

The Russian unemployment rate peaked at close to 10% in 2000 and has fallen by two percentage points since then. Since 1990, unemployment rates almost tripled in Brazil, more for women than for men, and have slightly declined since 2000, but remained stable for women. Most of the increase occurred in the mid-to late 1990s, notably in metropolitan areas (Corseuil and Ramos, 2007). In China, urban unemployment rates rose markedly in the late 1990s. Unemployment rates have increased slightly for urban women in India.

In all the BRICs, youth are disproportionately affected by unemployment, a feature in common with many OECD countries (Figure 1.3). In Brazil, unemployment is particularly high among young women, while in China, unemployment is more pervasive among urban young men. In the Russian Federation, there is no specific gender dimension in terms of unemployment (see also Table 1.A1.2).

Third, in China and India, the incidence of rural areas and agriculture in total employment remains high, despite a gradual fall in the share of farm employment. This suggests significant under-employment, since productivity in rural areas of these countries is very low. In China and India, labour productivity in agriculture is around 80% lower than labour productivity in industry – compared with 72% and 60%, respectively, in Brazil and the Russian Federation and around 50% in OECD countries which experienced a profound structural transformation in recent decades like Korea and Spain. Bringing relative labour productivity in agriculture in China and India to the average levels observed in Korea and Spain would lead to surplus labour to the tune of around 170 million workers in China and 130 million workers in India. The estimate for China comes close to the estimates for surplus labour reported in Tao (2006).

### ***B. Is better economic performance improving the “quality” of employment, wages and incomes?***

The purpose of this section is to examine whether employment conditions, wages and incomes are moving in line with better economic performance and the significant net employment gains described in the previous section.<sup>5</sup>

#### ***The incidence of undeclared work and employment in the informal sector has tended to rise***

Despite the above-mentioned fall in agricultural employment (where the incidence of informality tends to be high), little progress has been made in reducing either the incidence of informal employment or employment in the informal sector (see Table 1.6 as well as Box 1.2 for a discussion of these concepts).<sup>6</sup>

In Brazil, 85% of the population live in urban areas. Therefore, non-agricultural employment is the main driver of employment growth. The urban informal sector recorded major gains as its share rose from almost 41% in 1990 to nearly 45% in 2003. The period has seen a surge in the share of domestic service workers, mostly women, as well as self-employed (Table 1.A1.3).

Table 1.6. **Informal employment and employment in the informal sector**  
Percentage of total employment

		Informal employment			Informal-sector employment
		Total	Rural	Urban	
Brazil <sup>a</sup> (urban-salaried workers)	1990	26.0	..	26.0	40.6
	1995	33.5	..	33.5	46.5
	2003	30.8	..	30.8	44.6
Brazil <sup>b</sup>	1996	49.0	12.0	38.0	..
	2004	50.0	9.6	39.4	..
China	1990	12.9	9.3	3.6	51.0
	2005	13.5	0.5	13.0	52.8
India	1993/94	86.3	73.1	13.2	92.7
	2004/05	85.6	72.2	13.4	94.1
Russian Federation	2001	13.0	5.6	6.9	..

.. : Data not available.

a) Workers contributing to social security.

b) Informal employment includes own account workers. Data refer to agriculture and non-agriculture sectors instead of rural and urban areas.

Source: Table 1.A1.3; and national sources for informal employment in Brazil and the Russian Federation.

StatLink  <http://dx.doi.org/10.1787/024440678835>

Over the past two decades, several reforms have led to a diversification in the forms of employment in China.<sup>7</sup> Since the mid-1990s, efforts have been made to reduce surplus labour in state- and collectively-owned enterprises (which have traditionally been major sources of stable employment). At the same time, it has become easier to set up private enterprises, in both urban and rural areas. This followed reforms adopted in the late 1980s which authorised enterprises to recruit labour on fixed-term contracts. And, as noted above, the rules on rural-urban migration have been relaxed.

As Table 1.A1.3 shows, these reforms are reflected in a significant change in Chinese employment patterns:

- the share of urban employment climbed from 26% in 1990 to 36% in 2005 – growth in urban employment accelerated in the second half of the 1990s, following reforms relaxing restrictions on rural-urban migration, while the share of agricultural workers reduced from 48% in 1990 to 39% in 2005;
- employment in the informal sector and “irregular” (i.e. informal) employment – mainly undeclared rural migrants and workers laid-off from urban state and collective enterprises – has risen significantly. By contrast, employment in state- and collectively-owned enterprises has declined by 4.2% per year since 1990. Overall irregular employment is estimated at 13-14% in 2005, while employment in the informal sector accounts for just over half of total employment.

Most of the jobs are so-called “irregular” or informal in India. Irregular (or informal) employment represented 86% of total employment in 2004/05, just under 1 percentage point less than in 1993/94. The remaining 14% of workers are in regular salaried employment, among which 6% work in the formal organised<sup>8</sup> sector dominated by the public sector and the private sector with registered enterprises of 10 or more employees. Irregular employment is highly concentrated among self-employed businesses and among casual employment.<sup>9</sup> Economic expansion since 2000 has translated into employment growth only in the informal sector – in farming, in individual businesses and in private sector wage employment including casual employment – and not in the organised and protected public and private sector.<sup>10</sup>

### Box 1.2. Informal employment

Table 1.1 provides some estimates on informal employment and informal-sector employment in the BRICs.

**Informal employment** refers to informal jobs performed in formal- and informal-sector enterprises and households. According to ILO guidelines, informal jobs are jobs which do not comply with “national labour legislation, income taxation, social protection or entitlement to certain employment benefits like advance notice, severance pay, paid annual or sick leave, etc.”<sup>a</sup> In practice, informal jobs involve workers not covered by social protection, while in the case of Brazil the data refer to workers not contributing to social protection or without a work card (*carteira de trabalho*) because access to publicly-funded health-care services is universal.

On the other hand, **informal-sector employment** refers to the legal/registration status of the enterprise unit and covers employment in unregistered enterprises which are “private unincorporated enterprises (excluding quasi-corporations), producing and selling legal goods and services, and employing up to five paid employees” (OECD, 2004). In practice, informal-sector employment includes a broader set of jobs located in small farms, with less than five or ten employees depending on countries, self-employed, unpaid family workers and domestic household workers irrespective of the registration statuses of enterprises. However, it should be noted that it is always difficult to produce a comprehensive estimate of informal-sector employment from registers and survey instruments. OECD (2004) reminds that informal-sector employment can take many other forms, such as hidden employment (i.e. enterprises under-declaring the number of employees), under-declared work (in terms of hours worked, work in second jobs), illegal work (by illegal immigrants, work in second jobs by government employees, etc.).

Table 1.A1.3 shows the underlying data used to estimate informal employment and informal-sector employment, as presented in Table 1.6. This allows the following comments to be made:

- In Brazil, informal jobs are concentrated, by decreasing order of importance, in agriculture, construction, domestic services, hotels and restaurants, and wholesale and retail trade. In Brazil, informal jobs are of shorter tenure – labour turnover is high – lower paid and more unstable than formal jobs, which are three times longer and a passage in informal jobs can be detrimental for subsequent formal employment prospect (OECD, 2006a). Accumulation of human capital is lower, less than one third is contributing to social security and one third of informal workers earn less than the minimum wage. Informal workers have no rights to unemployment insurance.
- In India, registrations of the public sector and firms employing 25 or more workers are compulsory for the organised sector, while registrations for enterprises employing 10-24 employees are on a voluntary basis. This contains a potential source of under-declaration of formal employment as reported in the administrative data of the Directorate General of Employment and Training (DGE&T). Table 1.A1.3 classifies regular salaried workers reported in the NSS survey rounds as representing formal employment (i.e. employees covered by the Employee’s provident fund among others<sup>b</sup>), which allows to overcome the deficiencies of administrative registers and may also include some workers in the informal sector.<sup>c</sup> Informal employment and employment in the informal sector includes a disproportionate number of women, home-based workers, outworkers sub-contracted by formal units, domestic workers – maids, gardeners and security staff – and street vendors (ILO, 2002).

### Box 1.2. Informal employment (cont.)

- The low levels of informal employment according to official estimates for the Russian Federation (13%) and Secretariat estimates for China (13%) most probably under-report the extent of the phenomenon. The reform process undertaken in the 1990s in China and successive economic and exchange rate crisis in the Russian Federation (i.e. in 1992 and 1998) following the break up of the Soviet Union have transformed the structure of employment, albeit at a slower pace in state enterprises in China and in traditional industries in the Russian Federation. The latter have ended up concentrating the bulk of surplus labour in the form of hidden unemployment or underemployment. This is particularly the case of laid-off workers in China in state enterprises who are likely to engage in informal employment, while maintaining their registration with their former employers or RSCs providing various benefits, as mentioned in the text. In the Russian Federation, according to Tchetvernina *et al.* (2001), large and medium-sized enterprises, mainly in manufacturing and construction, responded to slowdown in demand by encouraging workers to take (mostly unpaid) administrative leaves, work shorter hours and delay or non-payment of wages. Tchetvernina *et al.* (2001) reports that, as a consequence, many underemployed workers might have engaged in different types of informal employment either in an additional job, after or during work hours, in the formal or informal sectors. This can take the form of unregistered additional employment at the place of the main job, informal employment in unincorporated enterprises, self-employment in unregistered business activities – such as in services and trade – subsistence farming, employment in unregistered enterprises. As a result, in the absence of adequate statistical instruments, estimates of informal employment range from 9 million workers (or 14% of workers), in 1998, according to official data from the Ministry of Interior to 30 million workers (47% of workers) on the basis of independent surveys – mainly in construction, trade and services and across all occupations. The report underlines that, however, these practices were reduced in the second half of the nineties leading to a surge in open unemployment.

Undeclared workers and workers in the informal sector often do not have social security coverage. In Brazil, the overall coverage of wage and salaried workers has dropped from 74% in 1990 to 69% in 2003 due to a combined increase in wage employment in small establishments in the informal sector and lower coverage in those establishments over time, falling from 48% in 1990 to 36% in 2003. In China, since the 1990s, social security coverage is being extended from state-owned enterprises to all urban formal sector employees and, since 2003, rural migrants (Reutersward, 2005). In urban areas, the work-unit based system is gradually being replaced by an urban social security system with a joint financing of employers, employees and the Government. In India, only workers in the organised sectors (6% of the total workforce) are covered mostly for retirement pensions, sickness and work accidents.

- a) These definitions are based on the conceptual framework on informal employment statistics issued by the 17th International Conference of Labour Statisticians (ICLS) in 2003, which complements earlier resolution adopted by the 15th ICLS resolution on statistics of employment in the informal sector (1995) and the SNA 1993 definition of informal sectors. According to the 17th ICLS a distinction is made between employment in the informal sector, on the basis of registration statuses of work units, and informal employment, on the basis of undeclared jobs for legal, social contributions and tax purposes.
- b) The Employee's provident fund is one of the most common social security schemes in India for the organised public and private sectors and provides coverage for: pension, medical care, housing, education of children, life insurance policies. Employer's contributions depend on the size and legal status of firms and type of industries. The statutory contribution is 12% of earnings (i.e. basic wages and salaries plus other allowances) for establishments with 20 or more employees and in 180 industries (and 10% otherwise) of which 8.33% are deposited in pension funds ([www.epfindia.com/for\\_employers.htm](http://www.epfindia.com/for_employers.htm)).
- c) In contrast, casual and contract workers in the organised sector seldom benefit from social protection and should normally be excluded from formal job counts (Shaktivel and Joddar, 2006). In sum, the informal (sector) employment forms the bulk of the workforce largely concentrated in agriculture representing over 90% of the farm workforce. In sum, informal employment represented 86% of the overall workforce in 2005: 93% and 60% in rural and urban workforce, respectively (Table 1.A1.3). According to Shaktivel and Joddar (2006), informal employment is over 95% in agriculture, construction, and trade, hotels and restaurants. Income groups expressed in quintiles, informal employment is pervasive across all income groups in the farm sector whereas the share of workforce informality declines gradually across the income ladder: from above 90% for the first quintile to close to 60% of informal employment in the fifth richest quintile.

In the Russian Federation, informal employment represented 13% of the workforce in 2001 according to national estimates, similar to the incidence of informal employment in many OECD countries. More than 90% of workers are in wage employment. However, Box 1.2 suggests that official statistics are likely to understate the real incidence of informal employment. Indeed, according to Kapeliouchnikov (1999), informal work arrangements like undeclared wages and payments in kind grew significantly during the economic transition in the 1990s. Stronger economic growth during the 2000s (and therefore, greater ability of firms to declare workers' earnings) might have reversed this trend in informal employment.

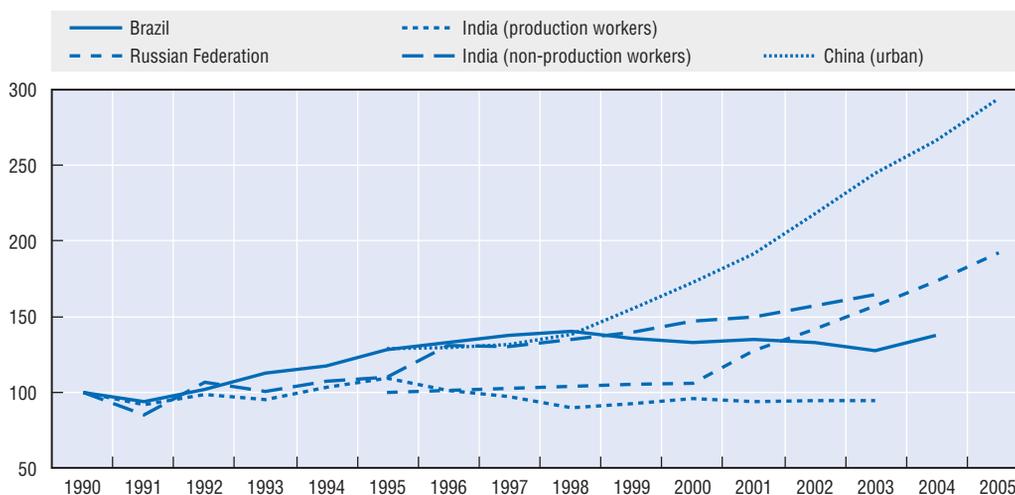
### *Wages have increased fast in recent years in China and the Russian Federation*

Since 2000, real wages have grown strongly in China and the Russian Federation. In China, real urban manufacturing earnings have surged since 1990 (Figure 1.4). In 2005, they were three times higher than in 1990, with half of the gain made in the first ten years and the other half in just five years. But, these trends are suspected to be somewhat overestimated, as informal industries and low-wage migrant workers are not covered in official wage statistics. It is therefore difficult to gauge the extent to which real wages have matched rapid productivity gains or not. In the Russian Federation, real wages grew by 1.2% on average per year between 1995 and 2000, and by as much as 12% between 2000 and 2005. According to OECD (2006b), wage growth matched labour productivity since the mid-1990s.

Real wage developments have been more moderate in Brazil and India. In Brazil, real wages in metropolitan areas fell during 1995-2005. In India, average wages in rural and urban areas grew by 2.7% per year during the same period – below productivity growth of about 4½ per cent per year. It should be stressed, however, that questions have been raised about the reliability of wage data in China and India.<sup>11</sup>

Figure 1.4. **Real wage growth in manufacturing industries in BRICS**

1990 constant prices<sup>a</sup>



a) For the Russian Federation, 1995 constant prices; data interpolated between 1995 and 2000.

Source: ILO, 2005 *Labour Overview – Latin America and the Caribbean*; estimates based on National Household Sample Survey (PNAD), for Brazil; Annual Survey of Industries, for India; BLS/MLR, November 2006, and *China Statistical Yearbook 2006* for China; and National Accounts for the Russian Federation.

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### Wage inequalities remained high or tended to increase

Earnings inequality increased in China and India and remained persistently high in Brazil and the Russian Federation. Due to the unavailability of systematic evidence for the BRICs, wage dispersion is assessed separately for each country.

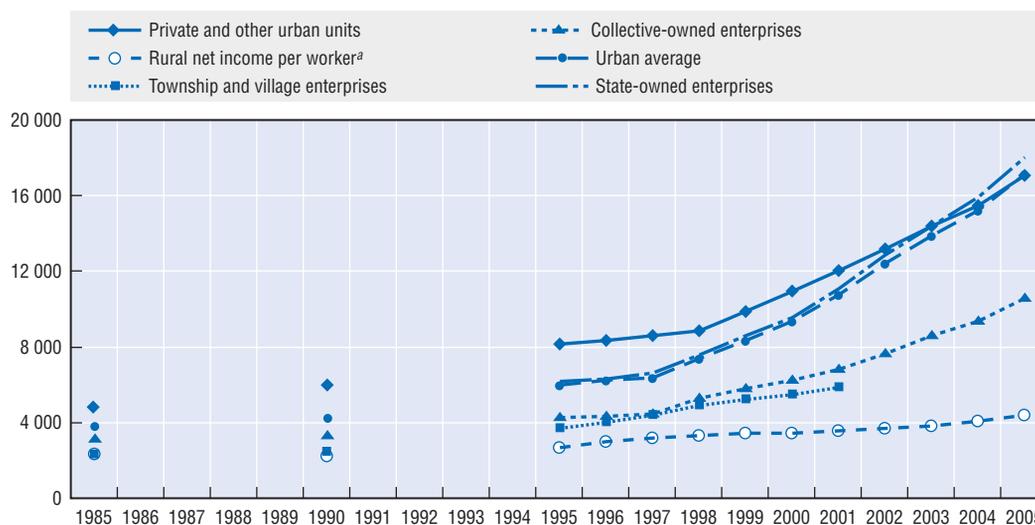
In Brazil, the Gini coefficient of hourly wages fell somewhat from 0.557 in 1995 to 0.521 in 2005 – still a high level – for the following two reasons. First, the steady increase in the real minimum wage, which was 45% higher in 2005 than in 1995, contributed to the moderate fall of the Gini coefficient (Berg, Ernst and Auer, 2006). Second, during 1995-2005, real earnings of skilled workers fell more sharply than those of unskilled workers.

Figure 1.5 presents real wage growth in China since 1985 for workers in different enterprise units. Urban real annual earnings have sharply increased, especially since 2000 (11.6% per year), driven by higher wage growth in state-owned enterprises and private enterprises, including foreign-funded units. In contrast, wages in village enterprises have grown moderately, while rural net income has hardly increased. According to Park *et al.* (2003), rising returns to skills and education and regional wage disparities explain rising overall wage inequality. The Gini coefficient rose from 0.25 in 1990 to 0.36 in 1999 in urban areas and was driven by rapid wage growth in the top half of the wage distribution, in particular for highly educated. Further, Galbraith, Krytynskaia and Wang (2004) note that inter-regional wage disparities contributed more to rising wage inequality than wage disparities between economic activities. The concentration of high wages in just three populated areas – the manufacturing export region of Guangdong province and the municipalities of Beijing and Shanghai – and rising inter-regional wage inequality create strong incentives for internal migration.

In India, the Gini coefficient of average hourly wages increased between 1993/94 and 1999/2000 survey rounds, especially in urban areas (Table 1.A1.4 in OECD, 2007c). According to the

Figure 1.5. **Real wages and rural income in China**

2002 constant prices in Yuan



a) Rural net income per capita (including farmers) (see Table 10-2 in *China Statistical Yearbook 2006*) adjusted by the number of dependents per labourer in rural households (see Table 10-18, *ibid.*).

Source: Reutersward (2005), and *China Statistical Yearbook 2006*.

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2004/05 large survey results, only urban college educated workers and casual workers in rural areas enjoyed a real wage increase since 2000 (Anant et al., 2006; and OECD updates).

Wage inequalities have remained high in the Russian Federation since the sharp increase of the Gini coefficient during the transition period in the 1990s. According to UNICEF's Transmonee database, earnings based Gini coefficient first increased sharply after the 1992 crisis – 0.33 in 1992 to 0.47 in 1993 – and a second time after the 1998 financial crisis – 0.50 in 1998 to 0.53 in 2000. Furthermore, Luckyanova (2006) shows, using the Russian Longitudinal Monitoring Survey (RLMS) data, that earnings' dispersion, measured by the ratio of the 9th to 1st decile remained above 8 during the 1990s to culminate at 8.6 in 2000. This may be partly related to the significant reduction of the minimum wage as a per cent of the average wage (see Box 1.3 and Luckyanova, 2006). The Gini coefficient and the upper-to-lower deciles ratio declined somewhat since 2000 to 0.47 and to 7.6, respectively, in 2003, in response to strong economic growth since 2000.

### Box 1.3. Minimum wages in BRICs

Statutory minimum wage rates are in place since the 1940s in Brazil (1940) and India (1948) and since the early 1990s in the Russian Federation (1993) and China<sup>a</sup> (1994).<sup>b</sup>

There are differences among BRICs regarding how minimum wages are set. The national minimum wage rate is set by law by the Federal government, with the possibility allowed in the Russian Federation for state governments to fix regional rates at higher levels following tripartite consultations. In Brazil minimum wage floors for occupational categories are negotiated through collective agreements.

In China, minimum wage rates – monthly and hourly rates – are issued by the Ministry of Labour and Social Affairs (MOLSS) for 31 provinces, autonomous regions and municipalities, which may vary by geographical location and industries. Minimum wage rates are proposed by local governments after tripartite consultation for approval by the State Council. The rates apply to all work units and worker categories including piece-rate, part-time and temporary workers in traditional and non-traditional industries.<sup>c</sup>

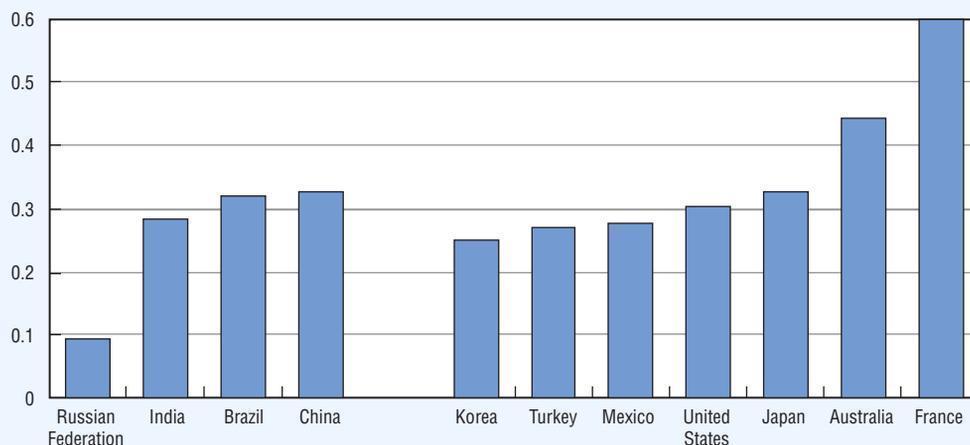
In India, minimum wage rates are set through a dual system. They are set by the central and state governments for a list of unorganised<sup>d</sup> occupations requiring wage protection and by collective agreements for workers in the organised sector. Currently, the central government determines minimum wage rates for 45 occupations and state governments for 1 232 occupations (including piece-rate workers and excluding family workers) in rural and urban areas – the list of occupations is subject to circumstantial revision by central and state governments. Minimum wages are fixed following recommendations from an advisory board, composed by employer and worker organisations, and proposals from central and local governments. Since 1991, there is, however, a National Floor Level of Minimum Wages fixed by the Ministry of Labour which was set at INR 66 per day since February 2004.<sup>e</sup> Specific minimum wage rates apply for youth under 18 years and trainees.

Minimum wages are revised on a regular basis in Brazil (every year in May since 1995) and China (every two years) while they are revised occasionally in India (based on state-level cost-of-living index) and the Russian Federation.<sup>f</sup> The revisions take into account the cost of living and social security benefits in Brazil and a set of parameters in China such as local prices, wages, economy, labour productivity, social premiums and housing funds.

The figure below shows minimum wages relative to average manufacturing wages and a comparison with selected OECD countries. In Brazil, this ratio increased significantly since January 2000 from 0.19 to 0.32 in May 2005, putting it at the same level as the ratio in China. This ratio in India is somewhat lower at 0.28 in 2004, while minimum wages in the Russian Federation represented around 10% of average manufacturing wages in 2005 and only 30% of the subsistence minimum level.<sup>g</sup> The figure below shows that relative minimum wages in Brazil, China and India are roughly similar to those in Japan, Mexico and the United States, while they are below those in Korea and Turkey.

## Box 1.3. Minimum wages in BRICs (cont.)

## Relative gross minimum wages in BRICs and selected OECD countries, 2005

Ratio relative to gross average manufacturing wages<sup>a</sup>

- a) Relative minimum wages are expressed as a proportion of average wages for the total economy in Brazil and average manufacturing wages in China and the Russian Federation, while they are relative to manufacturing wages for production workers in India and for selected OECD countries.

Source: National sources for BRIC countries and OECD minimum wage and average wage databases. Annual average manufacturing wages are from *China Statistical Yearbook 2006*, and from National Accounts for the Russian Federation. For India, average manufacturing wages are daily wages for production workers taken from the Annual Survey of Industries in the organised sector, while, for Brazil, wages are nominal average wages from the Monthly Employment Survey (PME).

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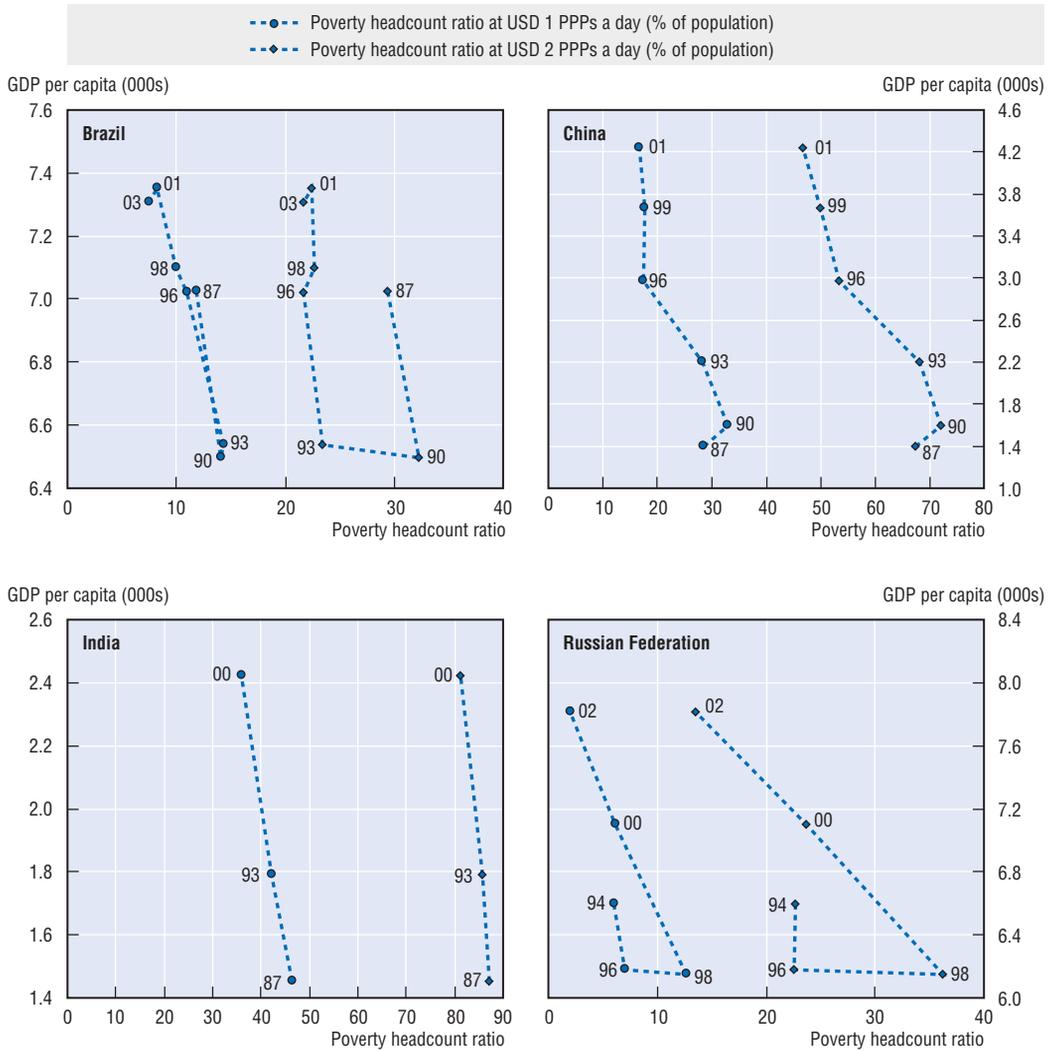
- a) China introduced a revised regulation on minimum wages in July 2004, which proposes a new method of calculation taking into account local living expenses, local cost of living, and social premium payments to the new social security system set up by the government. Coverage is extended to temporary workers in non-traditional businesses.
- b) Social benefits are dependent on the level of minimum wages (Brazil and the Russian Federation), while minimum wages also serve as a benchmark for the overall wage structure in Brazil.
- c) In general, in all three countries hourly minimum rates apply to part-time employees, daily minimum to piece-rate workers and monthly minimum wages to full-time employees within statutory working hours limit.
- d) Unorganised workers are non-unionised workers or with limited bargaining power.
- e) National Floor Levels of Minimum Wages were INR 35 per day in 1996, INR 45 in 1998, INR 50 in December 2002 and INR 66 in February 2004. (See Minimum Wage Act 1948, <http://labour.nic.in/wagecell/welcome.html>.)
- f) In Brazil, monthly minimum wage rates were BRL 260 from May 2004 to April 2005 and BRL 300 from May 2005 to April 2006. In China, monthly minimum wage rates varied in 2006 from CNY 270 in Jianxi province to CNY 810 in Shenzhen city in Guandong province. In India, daily minimum wages varied from INR 39.87 in Arunachal Pradesh to INR 203.86 in West Bengal, while in the Russian Federation monthly minimum wages were RUB 720 prior to September 2005, RUB 800 until March 2006 then RUB 1 100 since April 2006.
- g) The subsistence minimum level is defined in accordance with a Federal decree and approved method of calculation for the consumption of a basket of goods and services, including payments and dues, which are deemed necessary for minimal living conditions.

### Poverty rates have fallen somewhat

Poverty has been reduced quite markedly in China, but also in Brazil and in the Russian Federation, while the reduction has been less pronounced in India.

Figure 1.6 examines whether there is an association between the evolution in the levels of GDP per capita and two poverty measures, defined as the percentage of people living with income below USD 1 and USD 2 a day in purchasing power parities. The figure reveals two

Figure 1.6. GDP per capita<sup>a</sup> and poverty headcount ratio, 1987 to 2003



a) At 2000 constant prices, in USD PPPs.

Source: World Bank (2006), *World Development Indicators*.

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distinct patterns. In Brazil and the Russian Federation, the reduction in poverty, according to the two measures, happened without a substantial rise in per capita income. In Brazil, the percentage of poor people dropped by 4% and 3% per year, respectively, according to the USD 1 and USD 2 a day income measures. The reduction was even stronger in the Russian Federation at 8% and 5% per year, respectively. By contrast, in China, though per capita income tripled over the past 15 years, poverty rates fell by 5% and 3% per year only. In India, per capita income grew only half as much as in China over the past 15 years and poverty rates fell by 1.7% and 0.5% per year only.

### C. Key supply changes: a trend towards an older and better qualified workforce

Beyond the dynamics created by the ongoing strong economic performance, the labour markets of the BRICs will be strongly shaped in coming years by two major developments, namely population ageing and improved education attainment.

### ***The labour force in the BRICs is over twice as large as the labour force in the OECD area as a whole...***

In 2005, the BRICs hosted 42% of world population and represented 45% of world labour force, while corresponding shares in the OECD area were 19% for both population and labour force.

There are major differences regarding the demographic situation among the BRICs (Figure 1.7). Brazil and India have much younger populations than is the case in both China and the Russian Federation and the majority of OECD countries. In Brazil and, especially, India, the child dependency ratio (children aged less than 14 as a proportion of working-age population) is well above the OECD average. Conversely, the old-age dependency ratio in Brazil and India, at around 10%, is almost half that of the OECD average. In China, the child dependency ratio is close to the OECD average, while the old-age dependency ratio is still relatively low. The Russian Federation combines a low child dependency ratio with a high old-age dependency ratio.

### ***... but labour supply growth in the BRICs is falling significantly as a result of population ageing***

Despite these differences, the four countries will undergo significant population ageing over the next two decades, reflecting both lower fertility rates and improved longevity. In Brazil and India, child dependency ratios are projected to fall and could drop by 2030 to levels presently observed in OECD countries (Figure 1.7). In China, the child dependency ratio could continue to fall to reach the OECD average projected for 2030, and the Russian Federation could keep below-OECD child dependency ratios over the projection period.

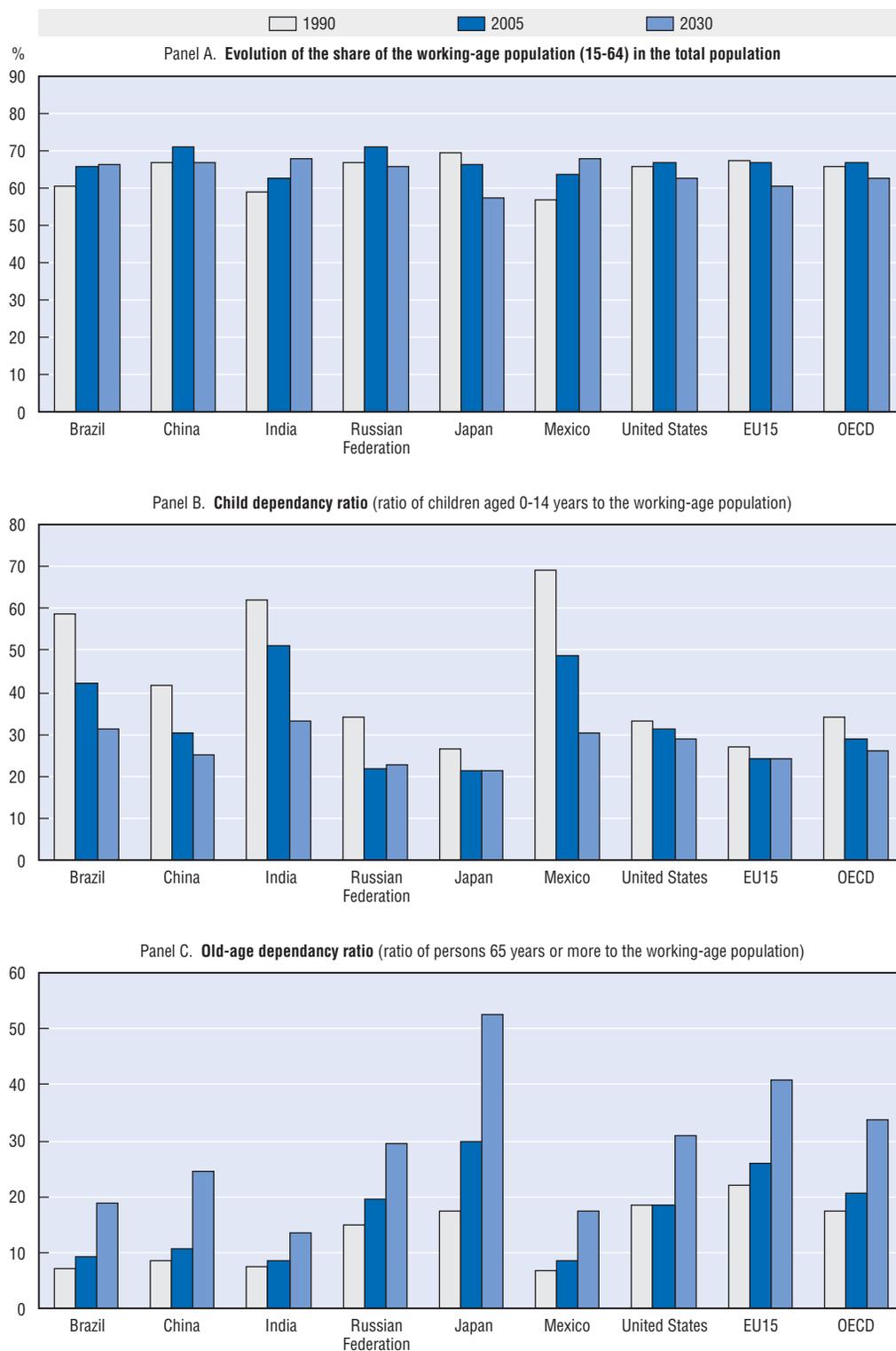
Importantly, all four countries are projected to experience a dramatic increase in old-age dependency ratios. This is especially the case in China, which, by 2030, could account for one fourth of the world population of individuals over age 65, compared with one fifth today.

These trends will have a significant repercussion on projected labour force growth (Table 1.A1.5 in OECD, 2007c). Over the next 15 years, and on the assumption of constant participation rates, labour force growth will slow down somewhat in India. In Brazil, labour force growth over the next 15 years will be cut by half compared with the past 15 years. In China, it will practically stagnate and in the Russian Federation, the size of the labour force could even contract.

### ***Workers in Brazil, China and India are less skilled on average than their OECD counterparts and the opposite holds true in the Russian Federation***

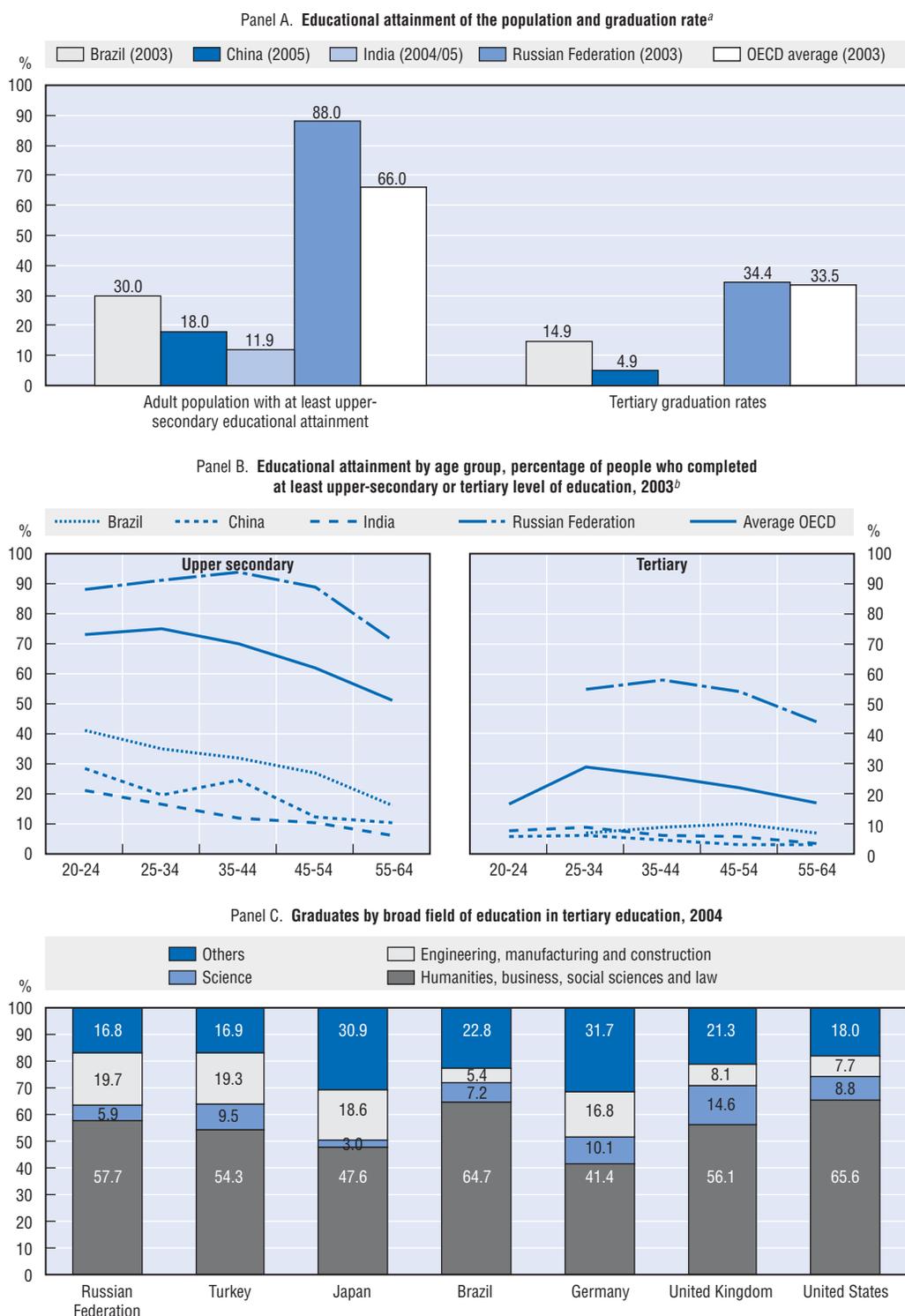
The educational attainment of the working-age population of Brazil, China and India is, on average, much lower than in OECD countries (Figure 1.8, Panel A). In Brazil, most of the effort is placed in youth completing upper-secondary education – in 2003, 41% of youth aged 20-24 years had completed upper-secondary education. By contrast, only 7% of youth aged 25-34 completed tertiary-level education. In the case of India, the bulk of young people do not seem to progress beyond primary education as only 21% of youth aged 20-24 years had completed secondary education. About 8% of youngsters complete a tertiary level of education, compared with 6% a decade ago, as a result of greater emphasis put on tertiary education by successive Indian governments. Indeed, in 2000, per student expenditure in tertiary education as a share of GDP per capita is 60 percentage points higher than that for primary education, while these spending ratios are more or less equally distributed in China<sup>12</sup> (Kochhar *et al.*, 2006). In China, nearly one third of youth of a typical age graduate from upper-secondary education, but only 5% graduate from tertiary colleges and universities.

Figure 1.7. **Population structure in BRICs and selected OECD areas, 1990 to 2030**



Source: World Bank (2006), *World Development Indicators*.

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Figure 1.8. **Skill developments in BRICs and selected OECD countries**

a) Educational attainment is reported for population aged 25-64 in Brazil, the Russian Federation and OECD, 15 years and over in China, and 25 years and over in India.

b) Data refer to 2000 for China, 2003 for Brazil, the Russian Federation and OECD, and 2004/05 for India.

Source: Data are taken from the UNESCO World Education Indicators database for Brazil, the Russian Federation and OECD; China Statistical Yearbook 2005 for China; and the 61st NSS Round for India.

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By contrast, the Russian Federation outperforms the majority of OECD countries in terms of educational attainment of the working-age population. Close to 90% of the Russian Federation youth had completed at least upper-secondary education in 2003, compared with an OECD average of 73% (Figure 1.8, Panel B), and 55% of 25 to 34 years old had completed tertiary level of education compared with an OECD average of 29 %.

### ***Educational attainment is improving much faster in Brazil, China and India than in OECD countries***

In all four countries, the average level of educational attainment is increasing and given the share of youth population, in particular in Brazil and India, this will likely transform the skill content of the future adult population. Panel B of Figure 1.8 shows the percentage of different age cohorts having completed upper-secondary and tertiary levels of education. In 2003, it appears that, with the exception of the Russian Federation, young cohorts aged 20-24 and 25-34 years are better educated than their older counterparts.

Graduation rates in tertiary education by broad field of study indicate that the bulk of tertiary education degrees is in humanities, business, social science and law, which together accounted in 2004 for 65% of certification and diplomas in Brazil, 58% in the Russian Federation and 66% in the United States (Figure 1.8, Panel C). On the other hand, science and engineering graduates accounted for 13% of all graduates in Brazil, 26% in the Russian Federation and 17% in the United States. Engineering graduates are, however, mixed together with manufacturing and construction engineers, most probably at technician level. They represent 20% of tertiary graduates in the Russian Federation – i.e. 190 000 graduates in 2004 – similar to Germany (17%), Japan and Turkey (19%), while this share is 5% in Brazil and 8% in the United States. A recent study, which compared the number of graduates in engineering, computer science and information technology in China, India and the United States (Gereffi and Wadhwa, 2005), provided comparable estimates of the yearly production of engineers, defined as dynamic engineers with four-year engineering degrees from national accredited institutions and capable “of abstract thinking and high-level problem solving using scientific knowledge”. These engineers are typically those giving a competitive edge to the companies and firms where they work. Gereffi and Wadhwa (2005) found that, in 2004, 112 000 engineers graduated from India, 352 000 from China, and 137 000 engineers from the United States. The Chinese numbers are, however, suspected to be overestimated as they may include three-year course engineering degrees, degrees from other fields of study – like motor mechanics and industrial technicians. The report concludes that the United States still have a competitive edge on the ground that the production of “dynamic” engineers per million of inhabitant is higher: 500 engineers in China, 200 in India, and 750 in the United States.

## **Conclusion**

The chapter has highlighted certain similarities between labour markets of the BRICs. However, the country specificities should be taken into account for any further work in this area. In particular, the causes of informal employment are different among the four countries. In Brazil and India, there is concern that badly designed employment regulations may make it difficult for certain employers to create formal jobs. In Brazil and the Russian Federation, onerous social contributions on low-paid formal employment are a major factor behind informal work. And, in China, migrant workers and laid-off workers from state enterprises have difficulty obtaining regular jobs in urban areas and thus tend to accept undeclared jobs.

More fundamentally, promoting transitions to formal employment is of vital importance for strengthening longer term growth prospects in the BRICs. The Restated OECD Jobs Strategy provides some general guidelines on how to approach the issue. However more research is needed to identify the policies that work and those that do not work in this area. An examination of the reform approaches and outcomes in the BRICs would be especially relevant in this regard.

## Notes

1. The elasticity of services employment to services output is 1.3 in Brazil, compared with 0.3-0.4 in China, India and the Russian Federation, and 0.6 in the OECD average.
2. At the peak of state enterprises restructuring in the late 1990s, there were 11 million laid-off workers (not re-employed) in urban areas in 2000 against 6 million officially registered urban unemployed. Laid-off workers were mainly male workers aged 40 years and over with low educational attainment levels. However, the number of laid-off workers had fallen sharply by 2002 (around 3 million persons), while registered unemployment recorded a gain of 1.7 million job seekers announcing the end of transitional arrangements for the management of mass lay-offs in state enterprises.
3. In the late 1990s, the Chinese government promoted transitional institutional arrangements to shift welfare benefit payments from state enterprises to sector-based Reemployment Service Centres (RSC) before phasing out RSCs from the end of 2004 onwards, to be replaced by an unemployment insurance system (Gu, 2003). The RSCs "trusteeship of laid-off workers" ensured the delivery of social protection, job-placement and job-training services over a three-year period after which laid-off workers would become unemployed. The RSCs were based on the success of the Shanghai RSCs "trusteeship of laid-off workers", which enabled in 1996 the reemployment of more than 80% of laid-off workers in less than three years from job loss in the booming service and private sectors or in their original enterprises after restructuring. According to regulations from the Central government, it is compulsory for laid-off workers to join RSCs at the risk of losing their basic living allowances and other benefits. In addition, administrative restrictions do not allow registration of laid-off workers at employment offices.
4. In India, the results of NSS large survey rounds allow the estimation of unemployment rates according to usual, current weekly and current daily status (Box 1.1). Unemployment rates according to current weekly status are closer to ILO guidelines and gives the average level of unemployment on a week of the survey year, while the current daily status unemployment rate (in persons-days) gives the average level of unemployment on a day of the survey year and is the most inclusive measure. Compared to usual unemployment rates, current weekly unemployment rates highlight the degree of hidden unemployment in the form of intermittent employment and part-year work, such as in seasonal employment in rural areas. On the other hand, current daily unemployment rates compared to weekly unemployment rates provide some insights on underemployment, in other words unemployed days of those employed on a weekly basis. Unemployment rates according to daily status are the highest, with 8.2% and 8.3% in rural and urban areas in 2004/05 compared to 4% and 6% according to current weekly status, and 1.7% and 4.5% according to usual status. These rates reveal a great deal of intermittent and part-week employment in both rural areas and urban areas. Daily unemployment rates are higher for women living in urban areas (11.6% against 8% in rural areas). In general, underemployment is pervasive among female workers.
5. Regional employment patterns will not be addressed in this section, while non-agricultural employment is concentrated in a few states and provinces in India and China, and higher income in just a few places in the Russian Federation, mainly oil and gas-producing and exporting regions. Around 50% of non-agricultural employment is concentrated mostly in the dynamic southern peninsula in India based on the 2004/05 61st NSS survey round. Likewise, half of the urban employment is concentrated in the municipalities of Beijing and Shanghai and the populated Guangdong province, "the growing export manufacturing centre in China" (Galbraith, Krytynskaia and Wang, 2004). In the Russian Federation, the latter study reports higher and rapidly rising above-average income in three places: Moscow and in two "lightly populated oil and gas West Siberian regions - Khanty-Mansy and Tiumen district".
6. According to the resolution adopted by the 15th ILO/International Conference of Labour Statisticians (ICLS, 1993), the informal-sector employment refers to own-account workers and employers and employees in firms with fewer than five (or ten) employees including (unpaid) family workers. Later refinements of the definition by the 17th ICLS include domestic workers engaged by households. Employment in the informal economy (or informal employment), defined by workers without social protection coverage for practical reasons, is mainly located in informal sectors, but also occurs in formal sectors (Box 1.2).

7. Following the methodology developed in Ghose (2005), workers are classified in regular (formal) employment if they are engaged in registered formal and informal sectors defined as follows. In urban areas, apart from the traditional formal state- and collectively-owned enterprises, a variety of formal enterprises have appeared: collective enterprises, joint ownership enterprises, limited liability corporations, shareholding corporations and foreign enterprises funded by residents of Hong Kong, China and Macao and other foreign funds. In rural areas, the formal sector refers to township and village enterprises (TVE). The urban informal sector regroups registered small-scale private enterprises and self-employed individual businesses while the rural informal sector includes in addition small family farms under the “responsibility system”. Workers engaged in those registered formal and informal sectors are considered as in regular employment. The difference between the official total employment figures and regular (formal) employment in urban and rural areas is considered here as irregular (informal) employment. The latter is assumed to be composed mainly by rural migrants and laid-off workers in urban state and collective enterprises and rural township village enterprises.
8. Employment in the organised (formal) sector is reported by the Ministry of Labour (DGET) and includes all establishments in the public sector and non-agricultural establishments in the private sector with 10 or more employees and with 20 or more employees without power (<http://labour.nic.in/ss/INFORMALSECTORININDIA-ApproachesforSocialSecurity.pdf>). The organised sector refers to enterprises whose activities and collection of data are regulated by legal provisions for which there is a national accounting. However, these numbers have been criticised (Sundaram, 2004; and Anant et al., 2006) for their inability to correctly capture the rapidly growing organised private sector. The unorganised (informal) sector comprises unincorporated and partnership enterprises, co-operative societies, trust, private and limited companies, other individual businesses, subsistence farming, etc.
9. During 1994-2005, employment growth (1.8%) was mainly driven by self-employment growth in individual businesses (2.2%), which gathered momentum after 2000 (4.3%) (Table 1.A1.3). This pattern is visible both in urban and rural areas. However, self-employment growth in rural areas first declined in the mid-to-late 1990s (-0.9%) before strengthening after 2000 (5.8%). Since 1994, regular salaried employment recorded an annual growth rate of 2.7%, which gathered pace after 2000, while sluggish growth in the organised sector employment (-0.1%) is due to a contraction in the public sector (-0.2%) and in the private sector (-1%) after 2000.
10. The forthcoming *OECD Economic Survey of India* (OECD, 2007a) indicates that the strong employment growth over the 1998-2005 period is due to net employment gains in industries (5.4% per year) and services (4.1%) including manufacturing (4.6%), while the pace of job growth in agriculture has reduced dramatically (0.5%), which is an indication of workers moving to non-agriculture jobs. However, most employment gains have occurred in the least productive unorganised (informal) sector: unorganised manufacturing employment grew by 5.4% per year while manufacturing in the organised sector has recorded negative growth.
11. Earnings (and compensation) data for China were subject to a thorough review in Banister (2005), of the United States’ Bureau of Labor Statistics (BLS), in an attempt to produce comparable estimates of hourly compensation costs for production workers to be compared with 33 economies for which these data are available at [www.bls.gov/news.release/ichcc.toc.htm](http://www.bls.gov/news.release/ichcc.toc.htm). The paper notes that national urban manufacturing annual earnings estimates reported in the Chinese National Bureau of Statistics (NBS) and used in this Chapter are actually limited to China’s cities and do not even include city suburbs. In addition, official estimates of city manufacturing employment and earnings suffer from an incomplete coverage of low-paid migrant workers. This incomplete coverage suggests that rising average manufacturing earnings are likely to be upward biased. Further, the study concludes that taking into account earnings in Town and Village Enterprises (TVEs) in “rural” or non-city manufacturing units reduces considerably hourly compensation costs from 1.19 USD, at official nominal exchange rates, in cities in 2004 to 0.67 USD in China in general (Banister, 2005). The paper does not however compute estimates on manufacturing earnings for China as a whole, as the aim was to produce estimates on compensation costs. For India, data on annual earnings in manufacturing for production and non-production workers are limited to the organised sector covered in the Annual Survey of Industries (ASI). Besides, the overall large NSS survey based wage data shown in Table 1.A1.4 in OECD (2007c) are those used in official documents and by researchers to gauge wage developments in India. It should be noted that wage developments that some researchers consider the upswing in wages in the 1999/2000 large sample survey results to be exaggerated and call for caution when interpreting the results.
12. “India spent 86% of per capita GDP on each student in tertiary education in 2000 while it spent 14% of per capita GDP per student in primary education. By contrast, China spent 10.7% and 12.1% respectively, of per capita GDP per student in tertiary and primary education” (Kochhar et al., 2006). According to World Education Indicators, in 2003 these numbers for India were 77% for tertiary education and 13% for primary education respectively, while the spending imbalance was even more pronounced in Brazil where the corresponding figures were 127% and 11%.

## ANNEX 1.A1

## Supplementary Tables

Table 1.A1.1. **Labour force participation, employment, unemployment rates in BRICs and selected OECD areas, 1990 to 2005**

Percentages												
Both sexes				Men				Women				
1990	1994	2000	2005	1990	1994	2000	2005	1990	1994	2000	2005	
Labour force participation rates												
Brazil <sup>a</sup>	70.5	72.1	71.4	76.4	93.6	88.4	86.1	88.8	48.8	56.9	57.7	64.9
China (urban)	79.2	77.9	78.7	77.2	..	..	85.9	..	..	..	70.9	..
India <sup>b</sup> (urban)	54.1	52.8	51.6	53.8	81.9	81.5	80.4	81.2	22.6	21.0	20.1	23.8
Russian Federation	77.7	73.4	69.9	72.3	82.8	78.6	74.9	76.2	72.9	68.5	65.3	68.0
Euro area	65.3	66.1	68.3	70.7	79.0	77.9	78.3	79.2	51.7	54.3	58.3	62.1
EU15	68.0	68.3	70.1	72.1	80.7	79.4	79.6	80.2	55.2	57.1	60.7	64.0
OECD	71.9	71.5	72.2	72.3	84.4	83.9	83.7	83.2	59.5	59.3	60.9	62.1
Employment (15 years and over)/population (15-64 years) ratios												
Brazil <sup>a</sup>	67.9	67.8	64.6	69.3	90.0	83.9	79.3	82.5	47.1	52.8	50.7	56.9
China (urban)	73.9	72.7	72.2	70.8	..	..	79.4	..	..	..	64.6	..
India <sup>b</sup> (urban)	..	49.8	48.5	50.5	..	77.6	75.9	77.0	..	19.5	18.6	21.7
Russian Federation	..	67.5	63.2	66.0	..	72.1	67.3	69.8	..	63.1	59.2	62.5
Euro area	68.2	67.5	70.1	70.2	79.2	77.2	79.1	78.1	56.3	57.2	60.9	62.1
EU15	62.3	60.7	64.4	65.7	75.4	71.5	74.0	73.8	49.3	49.9	54.8	57.5
OECD	67.5	66.0	67.8	67.4	79.7	77.8	79.0	77.6	55.4	54.4	56.8	57.3
Unemployment rates												
Brazil <sup>a</sup>	3.7	6.0	9.6	9.3	3.8	5.1	7.8	7.1	3.5	7.2	12.1	12.2
China (urban)	5.7	5.9	8.2	8.3	..	..	7.6	..	..	..	9.0	..
India <sup>b</sup> (urban)	..	5.1	6.0	6.0	..	4.6	5.6	5.2	..	7.1	7.5	9.0
Russian Federation	..	8.1	9.8	7.9	..	8.3	10.2	7.8	..	7.9	9.4	8.0
Euro area	6.2	7.6	5.9	6.4	5.5	7.2	5.5	6.2	7.0	8.1	6.4	6.6
EU15	8.3	11.1	8.2	8.3	6.6	9.9	7.1	7.5	10.8	12.6	9.7	9.2
OECD	6.2	7.7	6.1	6.8	5.6	7.3	5.7	6.6	7.0	8.3	6.7	7.1

.. : Data not available.

a) For Brazil, data for 1994 and 2000 are for 1995 and 1999 respectively and data for 2005 are OECD estimates.

b) For India, estimates are according to current weekly status.

Source: World Bank (2006), *World Development Indicators*; ILO Laborsta database and national estimates for Brazil, India and the Russian Federation (see Table 1.A1.3). For China, OECD estimates benchmarked on the 5th population census in 2000; and OECD Labour Force Statistics database, for EU15 and OECD areas.

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Table 1.A1.2. **Labour force participation, employment, unemployment rates by age groups<sup>a</sup> and gender in BRICs and selected OECD areas, latest year available<sup>b</sup>**

Percentages																		
Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD	Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD	Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD	
Both sexes						Men						Women						
Labour force participation rates																		
15-19	50.7	36.6	26.5	16.5	28.7	31.4	59.4	33.6	37.6	18.5	31.2	34.4	41.7	39.8	13.1	14.5	26.0	28.3
20-24	77.7	93.4	51.8	60.5	64.9	66.2	88.5	92.1	76.5	65.2	69.3	72.6	67.2	94.7	23.8	55.7	60.4	59.8
25-29	82.1	99.0	61.4	85.0	82.1	79.4	94.2	100.0	95.1	90.8	88.3	90.3	70.6	92.7	24.3	79.1	75.7	68.5
30-34	83.2	93.2	64.2	87.2	85.1	80.4	95.5	100.0	98.6	91.2	94.1	94.2	72.0	85.5	29.0	83.2	76.0	66.7
35-39	83.6	97.9	65.9	91.3	85.6	81.7	95.2	100.0	98.3	93.8	94.8	94.6	72.9	89.1	32.4	88.9	76.3	69.1
40-44	82.0	96.4	65.6	98.0	86.0	82.9	93.8	100.0	98.1	99.1	94.3	93.8	71.0	87.3	30.0	96.9	77.7	72.2
45-49	78.1	78.5	63.3	87.1	84.5	81.7	92.1	91.9	97.2	87.8	93.0	91.5	65.4	64.3	25.3	86.6	76.1	72.1
50-54	70.8	58.0	61.2	81.1	79.1	76.9	85.8	76.3	93.4	84.5	89.0	87.4	57.3	38.3	24.6	78.3	69.4	66.7
55-59	60.6	39.2	51.7	50.7	62.4	65.2	77.6	54.8	81.1	61.4	72.4	76.9	45.5	22.3	20.7	42.4	52.5	54.1
60-64	46.7	21.3	30.1	35.5	30.0	41.1	64.9	28.2	40.7	46.7	38.9	51.6	30.9	13.8	19.7	27.9	21.5	31.4
65+	23.1	8.2	17.4	11.8	3.8	11.3	35.1	12.0	32.5	15.8	6.0	16.6	14.1	4.7	3.9	9.5	2.3	7.4
15-24	63.9	63.8	39.0	39.1	47.7	49.5	73.5	61.4	56.5	42.3	51.1	54.0	54.4	66.2	18.4	35.7	44.2	44.9
25-54	80.6	89.7	63.7	88.2	83.9	80.6	93.3	99.1	97.0	91.2	92.4	92.1	69.0	79.7	27.9	85.5	75.3	69.3
55-64	54.3	30.7	31.3	45.5	47.6	54.5	71.9	42.2	53.1	56.7	57.2	65.7	38.9	18.2	10.4	37.3	38.3	43.9
15-64	73.1	77.8	52.7	71.0	71.1	70.2	85.3	84.8	79.9	75.0	78.9	80.3	61.7	70.4	23.1	67.4	63.3	60.3
15+	75.4	78.7	53.8	72.3	72.1	72.5	88.4	85.9	81.2	76.2	80.2	83.2	63.3	70.9	23.8	68.6	64.0	62.1
Employment/population ratios																		
15-19	39.4	28.7	22.7	11.9	23.2	26.6	48.9	24.9	32.1	13.7	25.3	29.0	29.6	32.7	11.4	10.0	20.9	24.0
20-24	65.9	81.3	43.9	53.0	54.8	58.0	78.1	80.1	66.5	56.5	58.6	63.3	54.1	82.5	18.2	49.4	50.8	52.7
25-29	74.3	91.3	56.0	78.8	73.4	72.7	88.2	98.0	88.3	84.3	79.6	83.0	61.2	84.2	20.5	73.3	67.1	62.3
30-34	77.3	87.0	61.7	81.4	78.4	75.3	91.1	94.6	96.0	84.9	87.6	88.8	64.6	78.9	26.6	78.0	69.1	61.9
35-39	78.5	90.9	64.3	86.0	79.5	77.2	91.2	99.4	96.6	88.3	89.1	89.9	67.0	81.9	30.9	83.8	69.8	64.6
40-44	77.7	89.1	64.6	92.6	80.4	78.6	90.4	97.6	96.9	92.9	89.0	89.4	66.1	79.8	29.3	92.4	71.8	68.1
45-49	74.4	73.9	62.1	82.1	79.4	77.6	88.5	86.6	95.4	82.4	87.8	87.2	61.7	60.4	24.7	81.9	71.0	68.3
50-54	67.9	55.8	59.7	76.7	74.1	73.1	82.6	72.6	91.1	79.8	83.7	83.1	54.8	37.6	24.0	74.2	64.7	63.4
55-59	58.5	38.2	50.8	48.5	58.1	62.1	75.0	53.2	79.9	58.3	67.5	72.9	43.9	22.0	20.2	40.9	48.9	51.7
60-64	45.2	21.1	29.7	32.7	28.2	39.3	62.7	27.9	40.2	43.4	36.5	49.1	30.0	13.6	19.3	25.3	20.4	30.3
65+	22.8	8.1	17.2	11.8	3.8	11.1	34.6	11.9	32.1	15.8	5.9	16.2	14.0	4.7	3.9	9.5	2.2	7.3
15-24	52.4	53.8	33.2	33.0	39.8	42.9	63.0	51.1	48.8	35.6	42.8	46.6	41.7	56.7	14.8	30.3	36.7	39.1
25-54	75.4	83.6	61.3	82.9	77.7	75.8	89.0	93.0	94.0	85.4	86.4	87.0	63.0	73.5	26.1	80.6	69.1	64.8
55-64	52.5	30.1	30.8	43.1	44.5	52.0	69.5	41.2	52.3	53.5	53.4	62.5	37.6	18.1	10.2	35.4	35.8	42.0
15-64	66.4	71.4	49.5	65.9	65.2	65.5	79.3	78.3	75.7	69.3	72.9	75.0	54.3	64.1	21.0	62.8	58.2	56.1
15+	68.7	72.2	50.5	67.1	66.1	67.7	82.4	79.4	77.0	70.5	74.1	77.9	55.9	64.6	21.7	64.0	57.5	57.8

Table 1.A1.2. **Labour force participation, employment, unemployment rates by age groups<sup>a</sup> and gender in BRICs and selected OECD areas, latest year available<sup>b</sup> (cont.)**

Percentages

	Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD	Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD	Brazil	China (urban)	India <sup>c</sup> (urban)	Russian Federation	EU15	OECD
	Both sexes						Men						Women					
	Unemployment rates																	
15-19	22.3	21.8	14.2	28.0	19.1	15.5	17.6	26.0	14.6	25.9	18.7	15.8	29.2	18.0	12.9	30.9	19.8	15.2
20-24	15.2	13.0	15.3	12.4	15.6	12.4	11.8	13.1	13.1	13.4	15.3	12.8	19.6	12.8	23.4	11.3	15.9	11.9
25-29	9.5	7.8	8.7	7.2	10.5	8.5	6.4	6.6	7.1	7.1	9.9	8.1	13.4	9.1	15.5	7.4	11.4	8.9
30-34	7.2	6.7	3.9	6.6	7.9	6.3	4.6	5.8	2.6	6.9	6.9	5.7	10.3	7.8	8.2	6.2	9.1	7.2
35-39	6.0	7.1	2.4	5.8	7.1	5.6	4.3	6.3	1.7	5.8	6.0	5.0	8.1	8.1	4.6	5.7	8.5	6.5
40-44	5.2	7.6	1.5	5.4	6.5	5.1	3.7	6.9	1.2	6.3	5.6	4.7	6.9	8.6	2.3	4.6	7.6	5.7
45-49	4.7	5.9	1.9	5.8	6.1	5.0	3.9	5.8	1.9	6.1	5.6	4.7	5.8	6.1	2.4	5.5	6.8	5.3
50-54	4.1	3.8	2.5	5.4	6.3	4.9	3.8	4.8	2.5	5.6	5.9	4.9	4.4	1.8	2.4	5.3	6.8	5.0
55-59	3.4	2.4	1.7	4.3	6.8	4.8	3.3	2.9	1.5	5.0	6.8	5.1	3.4	1.1	2.4	3.5	6.9	4.5
60-64	3.2	1.0	1.5	8.0	5.8	4.2	3.4	1.0	1.4	7.1	6.2	4.7	2.7	1.0	1.7	9.2	5.1	3.5
65+	1.2	0.8	1.2	0.0	1.1	2.1	1.5	0.6	1.4	0.0	1.0	2.3	0.7	1.2	0.0	0.0	1.2	1.8
15-24	18.1	15.6	14.9	15.6	16.6	13.3	14.2	16.8	13.6	16.0	16.3	13.7	23.3	14.4	19.7	15.1	17.0	12.8
25-54	6.4	6.9	3.8	6.0	7.4	5.9	4.6	6.2	3.1	6.3	6.6	5.5	8.7	7.8	6.5	5.7	8.3	6.4
55-64	3.3	1.9	1.5	5.3	6.5	4.6	3.4	2.3	1.4	5.5	6.6	5.0	3.2	1.0	1.7	5.0	6.4	4.2
15-64	9.1	8.3	6.1	7.2	8.4	6.8	7.0	7.7	5.2	7.6	7.7	6.5	11.9	9.0	9.3	6.8	9.2	7.1
15+	8.9	8.2	6.0	7.1	8.3	6.6	6.8	7.6	5.2	7.5	7.6	6.4	11.7	9.0	9.0	6.7	9.1	6.9

a) For China, 15-19 refers to 16-19, 15-24 to 16-24, 15-64 to 16-64 and 15+ to 16 and over; and for the Russian Federation, 65+ refers to 60-72.

b) Data refer to 2004 for Brazil, to 2000 for China, to 2004/05 for India, and to 2005 for the Russian Federation, EU15 and OECD.

c) For India, estimates are according to current weekly status.

Source: National Household Survey – *Pesquisa Nacional por Amostra de Domicílios* (PNAD), for Brazil. For China, OECD estimates based on the 5th population census in 2000. National Sample (large) Survey (NSS) 61st Round, 2004/05, for India. Federal Service for State Statistics (*Goskomstat*) for the Russian Federation. ILO Laborsta database; and OECD, Labour Force Statistics database, for EU15 and OECD areas.

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Table 1.A1.3. **Employment levels and growth by type of employment, 1990 to 2005**Panel A. **China**

	Employment (millions)			Average annual growth (%)			Percentage of total employment		
	1990	2000	2005	1990-2005	1990-2000	2000-05	1990	2000	2005
<b>Urban and rural employment</b>	<b>647.5</b>	<b>720.9</b>	<b>758.3</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Rural employment</b>	<b>477.1</b>	<b>489.3</b>	<b>484.9</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.2</b>	<b>73.7</b>	<b>67.9</b>	<b>64.0</b>
<b>Formal employment</b>	<b>416.7</b>	<b>480.0</b>	<b>481.0</b>	<b>1.0</b>	<b>1.4</b>	<b>0.0</b>	<b>64.4</b>	<b>66.6</b>	<b>63.4</b>
<i>Formal sector</i>	<i>92.7</i>	<i>128.2</i>	<i>142.7</i>	<i>2.9</i>	<i>3.3</i>	<i>2.2</i>	<i>14.3</i>	<i>17.8</i>	<i>18.8</i>
Township and village enterprises (TVEs)	92.7	128.2	142.7	2.9	3.3	2.2	14.3	17.8	18.8
<i>Informal sector</i>	<i>324.0</i>	<i>351.8</i>	<i>338.3</i>	<i>0.3</i>	<i>0.8</i>	<i>-0.8</i>	<i>50.0</i>	<i>48.8</i>	<i>44.6</i>
Registered private enterprises	1.1	11.4	23.7	22.5	26.0	15.8	0.2	1.6	3.1
Self-employed – individual businesses	14.9	29.3	21.2	2.4	7.0	-6.3	2.3	4.1	2.8
Small farms	308.0	311.1	293.4	-0.3	0.1	-1.2	47.6	43.2	38.7
<b>Informal employment</b>	<b>60.4</b>	<b>9.3</b>	<b>3.9</b>	<b>-16.7</b>	<b>-17.0</b>	<b>-16.0</b>	<b>9.3</b>	<b>1.3</b>	<b>0.5</b>
<b>Urban employment</b>	<b>170.4</b>	<b>231.5</b>	<b>273.3</b>	<b>3.2</b>	<b>3.1</b>	<b>3.4</b>	<b>26.3</b>	<b>32.1</b>	<b>36.0</b>
<b>Formal employment</b>	<b>147.3</b>	<b>149.9</b>	<b>174.6</b>	<b>1.1</b>	<b>0.2</b>	<b>3.1</b>	<b>22.7</b>	<b>20.8</b>	<b>23.0</b>
<i>Formal sector</i>	<i>140.6</i>	<i>115.9</i>	<i>112.3</i>	<i>-1.5</i>	<i>-1.9</i>	<i>-0.6</i>	<i>21.7</i>	<i>16.1</i>	<i>14.8</i>
Traditional formal enterprises <sup>a</sup>	139.0	96.0	73.0	-4.2	-3.6	-5.3	21.5	13.3	9.6
Emerging formal enterprises <sup>b</sup>	1.6	19.8	39.3	23.7	28.5	14.6	0.3	2.8	5.2
<i>Informal sector</i>	<i>6.7</i>	<i>34.0</i>	<i>62.4</i>	<i>16.0</i>	<i>17.6</i>	<i>12.9</i>	<i>1.0</i>	<i>4.7</i>	<i>8.2</i>
Registered private enterprises	0.6	12.7	34.6	31.5	36.4	22.2	0.1	1.8	4.6
Self-employed – individual businesses	6.1	21.4	27.8	10.6	13.3	5.4	0.9	3.0	3.7
<b>Informal employment</b>	<b>23.1</b>	<b>81.6</b>	<b>98.7</b>	<b>10.2</b>	<b>13.4</b>	<b>3.9</b>	<b>3.6</b>	<b>11.3</b>	<b>13.0</b>

Panel B. **India<sup>c</sup>**

	Levels (millions)			Average annual growth (%)				Percentage of total employment		
	1993/94	1999/2000	2004/05	1983-94	1994-2005	1994-2000	2000-05	1993/94	1999/2000	2004/05
<b>Population</b>	<b>895.1</b>	<b>1 004.1</b>	<b>1 087.2</b>	<b>2.0</b>	<b>1.8</b>	<b>1.9</b>	<b>1.6</b>			
<b>Labour force</b>	<b>391.9</b>	<b>406.1</b>	<b>467.4</b>	<b>2.2</b>	<b>1.6</b>	<b>0.6</b>	<b>2.9</b>			
<b>Total employment</b>	<b>374.5</b>	<b>397.0</b>	<b>456.7</b>	<b>2.0</b>	<b>1.8</b>	<b>1.0</b>	<b>2.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Formal salaried workers</b>	<b>49.0</b>	<b>55.0</b>	<b>65.7</b>	<b>1.4</b>	<b>2.7</b>	<b>1.9</b>	<b>3.6</b>	<b>13.1</b>	<b>13.9</b>	<b>14.4</b>
<b>Informal employment</b>	<b>325.0</b>	<b>342.0</b>	<b>391.0</b>	<b>2.0</b>	<b>1.7</b>	<b>0.9</b>	<b>2.7</b>	<b>86.8</b>	<b>86.1</b>	<b>85.6</b>
Self-employed	205.0	210.0	259.1	1.5	2.2	0.4	4.3	54.7	52.9	56.7
Casual workers	120.0	132.0	131.8	3.0	0.9	1.6	0.0	32.0	33.2	28.9
Organised sector employment	27.4	28.1	27.1	1.2	-0.1	0.4	-0.7	7.3	7.1	5.9
Public sector	19.0	19.0	18.6	1.6	-0.2	0.0	-0.5	5.1	4.8	4.1
Private sector	8.0	9.0	8.6	0.0	0.6	2.0	-1.0	2.1	2.3	1.9
<b>Rural employment</b>	<b>292.5</b>	<b>303.6</b>	<b>355.5</b>	<b>1.7</b>	<b>1.8</b>	<b>0.6</b>	<b>3.2</b>	<b>78.1</b>	<b>76.5</b>	<b>77.8</b>
<b>Formal salaried workers</b>	<b>18.9</b>	<b>21.0</b>	<b>25.3</b>	<b>0.2</b>	<b>2.7</b>	<b>1.8</b>	<b>3.8</b>	<b>5.0</b>	<b>5.3</b>	<b>5.5</b>
<b>Informal employment</b>	<b>273.6</b>	<b>275.5</b>	<b>329.9</b>	<b>1.8</b>	<b>1.7</b>	<b>0.1</b>	<b>3.7</b>	<b>73.1</b>	<b>69.4</b>	<b>72.2</b>
Self-employed	169.6	160.9	213.3	1.2	2.1	-0.9	5.8	45.3	40.5	46.7
Casual workers	104.0	114.6	116.6	2.8	1.0	1.6	0.4	27.8	28.9	25.5
<b>Urban employment</b>	<b>81.8</b>	<b>93.6</b>	<b>101.2</b>	<b>3.0</b>	<b>2.0</b>	<b>2.3</b>	<b>1.6</b>	<b>21.8</b>	<b>23.6</b>	<b>22.2</b>
<b>Formal salaried workers</b>	<b>32.2</b>	<b>37.4</b>	<b>40.4</b>	<b>2.9</b>	<b>2.1</b>	<b>2.5</b>	<b>1.5</b>	<b>8.6</b>	<b>9.4</b>	<b>8.8</b>
<b>Informal employment</b>	<b>49.5</b>	<b>56.2</b>	<b>61.0</b>	<b>3.1</b>	<b>1.9</b>	<b>2.1</b>	<b>1.7</b>	<b>13.2</b>	<b>14.2</b>	<b>13.4</b>
Self-employed	34.6	39.3	45.8	3.1	2.6	2.2	3.1	9.2	9.9	10.0
Casual workers	15.0	16.9	15.2	3.2	0.2	2.1	-2.1	4.0	4.3	3.3

Table 1.A1.3. **Employment levels and growth by type of employment, 1990 to 2005** (cont.)Panel C. **Brazil**<sup>d</sup>

	Levels (millions)				Average annual growth (%)	Percentage of total employment				
	2001	2002	2003	2004		2001-04	2001	2002	2003	2004
<b>Employment by status (millions)</b>	<b>76.1</b>	<b>79.0</b>	<b>80.2</b>	<b>84.6</b>	<b>3.6</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	
Wage earners	41.3	42.8	43.6	46.7	4.2	54.3	54.3	54.4	55.2	
Domestic workers	5.9	6.1	6.2	6.5	2.9	7.8	7.7	7.7	7.7	
Own account workers	17.0	17.6	17.9	18.6	3.1	22.3	22.3	22.3	22.0	
Employers	3.2	3.4	3.4	3.5	2.7	4.2	4.2	4.2	4.1	
Unpaid family workers	5.6	5.8	5.7	5.9	1.5	7.4	7.4	7.1	7.0	
Others	3.1	3.3	3.5	3.5	4.5	4.0	4.1	4.3	4.1	
	Total		Men		Women					
	1990	2003	1990	2003	1990	2003	1990	2003		
<b>Non-agricultural employment</b>										
by type of employment (%)										
<i>Informal sector</i>	<i>40.6</i>	<i>44.6</i>	<i>36.1</i>	<i>40.5</i>	<i>47.6</i>	<i>49.8</i>				
Self-employed	20.3	21.0	19.6	22.7	21.3	18.8				
Domestic service	6.9	9.3	0.5	0.9	16.7	20.1				
Micro-enterprises (less than six employees)	13.5	14.3	16.0	16.9	9.6	10.9				
<i>Formal sector</i>	<i>59.4</i>	<i>55.4</i>	<i>63.9</i>	<i>59.5</i>	<i>52.4</i>	<i>50.2</i>				
Public sector	11.0	13.8	..	11.0	..	17.3				
Firms with more than five employees	48.4	41.7	..	48.5	..	32.9				

Table 1.A1.3. **Employment levels and growth by type of employment, 1990 to 2005** (cont.)Panel D. **Russian Federation**

	Millions			Average annual growth (%)			Percentages		
	1994	2000	2004	1994-2004	1994-2000	2000-04	1994	2000	2004
Both sexes									
<b>Total employment</b>	<b>64.8</b>	<b>64.5</b>	<b>67.1</b>	<b>0.4</b>	<b>-0.1</b>	<b>1.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Wage and salaried workers (employees)	60.4	58.5	62.6	0.4	-0.5	1.7	93.2	90.7	93.2
Self-employed	4.3	5.9	4.5	0.4	5.4	-6.6	6.6	9.2	6.7
Employers	0.2	0.5	0.9	14.4	14.6	14.0	0.4	0.8	1.4
Own-account workers	1.0	4.6	3.4	13.4	30.0	-7.6	1.5	7.1	5.0
Members of producer's co-operatives	3.1	0.8	0.2	-23.7	-20.9	-27.7	4.8	1.2	0.3
Unpaid family workers	0.1	0.1	0.1	-3.9	-0.9	-8.3	0.1	0.1	0.1
Men									
<b>Total employment</b>	<b>34.1</b>	<b>33.4</b>	<b>34.2</b>	<b>0.0</b>	<b>-0.4</b>	<b>0.6</b>	<b>34.1</b>	<b>33.4</b>	<b>34.2</b>
Wage and salaried workers (employees)	31.4	30.1	31.6	0.0	-0.7	1.2	92.1	90.3	92.4
Self-employed	2.6	3.2	2.6	-0.2	3.2	-5.2	7.7	9.6	7.5
Employers	0.2	0.4	0.6	11.5	12.9	9.4	0.6	1.2	1.7
Own-account workers	0.6	2.3	1.9	11.1	23.6	-5.2	1.9	6.9	5.5
Members of producer's co-operatives	1.8	0.5	0.1	-23.0	-19.9	-27.4	5.3	1.4	0.4
Unpaid family workers	0.0	0.0	0.0	-1.6	0.0	-4.0	0.1	0.1	0.1
Women									
<b>Total employment</b>	<b>30.7</b>	<b>31.1</b>	<b>33.0</b>	<b>0.7</b>	<b>0.2</b>	<b>1.5</b>	<b>30.7</b>	<b>31.1</b>	<b>33.0</b>
Wage and salaried workers (employees)	29.0	28.3	31.0	0.7	-0.4	2.3	94.5	91.1	94.1
Self-employed	1.7	2.7	1.9	1.4	8.5	-8.4	5.4	8.8	5.8
Employers	0.0	0.1	0.3	22.1	20.4	24.6	0.2	0.5	1.0
Own-account workers	0.3	2.3	1.5	17.3	40.1	-10.1	1.0	7.4	4.5
Members of producer's co-operatives	1.3	0.3	0.1	-24.7	-22.4	-28.1	4.3	0.9	0.2
Unpaid family workers	0.0	0.0	0.0	-8.8	-2.4	-17.6	0.1	0.1	0.0

..: Data not available.

a) State-owned and collective-owned enterprise units.

b) Co-operative enterprises, joint-ownership enterprises, limited liability corporations, shareholding corporations and foreign-funded enterprises including those funded by residents of Hong Kong, China and Macao.

c) Employment and unemployment figures are according to usual principal and subsidiary status, and include workers aged five years or more as reported in official statistics.

d) Employment and unemployment figures cover persons aged 10 years or more.

Source: China Statistical Yearbook 2006 and Ghose (2005), for China. Planning Commission (2001), Sundaram (2004) and Secretariat estimates for 2004/05, for India. ILO Regional Database for Latin America and the Caribbean for urban employment by type of employment; and National Household Sample Survey (PNAD) for employment by status, for Brazil. ILO (2005), *Key Indicators of the Labour Market* (KILM); and Sample Survey on Employment from the Federal State Statistics Service (Goskomstat) for the Russian Federation.

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