International Labour Organization reports declining share of global income for workers and slowing job creation

Jean Shaoul
22 June 2025

The United Nations International Labour Organization (ILO) has warned that the economic and labour outlook for 2025 is "increasingly fragile", with economic growth slowing, trade volatility intensifying and geopolitical tensions increasing. The prospects for workers in terms of jobs, the rate of exploitation, income and conditions, are all deteriorating.

The ILO's flagship report, *World Employment and Social Outlook: May 2025 Update*, points to the uncertainty generated by the Trump administration's sweeping "reciprocal tariffs". The World Trade Organization (WTO) expects this will significantly reduce international trade and increase the risk of a synchronised global slowdown.

The changes in tariffs will disrupt supply chains and increase inflation, particularly in China, Vietnam, Sri Lanka and Cambodia. While Africa generally faces fewer tariffs in the advanced capitalist countries due to preferential trade agreements, its countries face high inflation and soaring indebtedness—with the poorest facing bankruptcy—as well as regional instability, conflicts and wars.

Slower economic growth is likely to cut the number of new jobs worldwide to 53 million instead of the previously estimated 60 million. In those countries where data is available, mostly high-income countries, job vacancies are below their long-term trend as business confidence declines.

An ILO report published earlier this year estimated that the overall number of jobs "missing" stood at around 402.4 million in 2024. The jobs gap includes about 186 million who are officially unemployed, 137 million who are part of a potential workforce, mainly "discouraged" workers, and 79 million who would like to work but are unable to do so because of care obligations.

The ILO suggests that workers whose jobs depend on consumer demand in the United States face unemployment due to higher tariffs and trade uncertainty. US tariffs and their repercussions—including how the tariffs impact on US demand for imports, trade diversion and employment shifts into other sectors—are also likely to lead to poorer quality jobs. Trade-related jobs tend to have better conditions and pay than non-trade-related jobs, often based in the informal economy where workers are employed on a casual or day-by-day basis.

In the 71 countries with the relevant data, an estimated 84 million workers in 2023 had jobs directly or indirectly linked through supply chains to demand from the US. Of these, 56 million are in Asia and the Pacific, equal to around 4.3 percent of all jobs in these countries. The worst affected are Canada and Mexico, where 17.1 percent jobs are dependent on exports to the US.

This follows a 10-year period, 2014-2024, that saw global GDP increase by 33 percent despite the recession caused by the COVID-19 pandemic, with the strongest growth in Asia and the Pacific. Yet there were only "moderate employment gains". Global employment grew by just 13.2 percent over the same period. There was little indication that this translated into better jobs, higher incomes or meaningful improvements in living standards, while the rate of exploitation increased.

Output grew at a much higher rate: 17.9 percent. Productivity growth was highest in Asia at 55 percent, while the number of jobs increased by just 10 percent. In other words, the increased output was the result of an intensification of work.

Furthermore, informal jobs—with the associated insecurity, ill-treatment and rotten pay, not to say near-destitution, the term implies—increased at a faster rate than formal employment. More than 2 billion workers worldwide were in informal employment in 2024, or nearly 60 percent of all workers on the planet. In sub-Saharan Africa—where the number of working-age people will overtake that in the developed world in 2026, and around 85 percent of workers are casual day workers—informal employment rose by almost 30 percent over the last decade.

Even more telling is what has happened to labour's share of income. While global GDP has risen over the decade, albeit unevenly due to the pandemic, the distribution of income between labour and capital has seen a significant shift. Capital income refers to the returns received by the owners of assets such as land, plant and equipment, buildings and intellectual copyright. Together, labour income and capital income make up the bulk of global GDP. With capital income going to the rich, labour's share of GDP is widely used as an indicator of economic inequality.

The ILO does not report the share going to capital but said that labour's share of global GDP fell from 53 percent in 2014 to 52.4 percent in 2024, implying a corresponding increase in the share going to the rich. In 2022, global labour income's share had already fallen, after a temporary rise during the pandemic when profits fell, below its pre-pandemic level. This downward trend in the share of income going to labour compared to that going to capital has been ongoing since the 1980s.

A 2024 study by Loukas Karabarbounis, Professor of Economics, University of Minnesota, and Research Consultant to the Federal Reserve Bank of Minneapolis, cited by the ILO, noted that in 2022 labour's share of income in the US was at its lowest level since the Great Depression. Labour's share fell 6 percentage points between 1929 and 2022. The decline since World War II is even larger, at around 7 percentage points. He noted similar downward trends in many of the world's major economies.

An earlier report by the ILO showed that global wages fell in real terms in 2022 for the first time since comparable records began, rebutting any notion that wage demands were stoking inflation. Its 2022 annual report on pay showed that global monthly average wages in the first half of 2022 were 0.9 percent lower in real terms than a year earlier, marking the first outright fall in worldwide living standards in the 15 years for which the ILO has published data, with the fall steepest in the advanced capitalist countries where inflation picked up earlier and wages fell by 2.2 percent.

The ILO said that the erosion of real wages was exacerbating the losses incurred by many workers during the pandemic and the longer-term stagnation in living standards in a few countries—including the UK, one of four G20 economies where wages were lower in real terms than they were at the time of the global financial crisis in 2008.

The trend marks a sharp acceleration of a long-running decline. The ILO said labour's share of global GDP had fallen 1.6 percentage points since it first began publishing data in 2004, representing a loss of $2.4 trillion after adjusting for inflation, and that 40 percent of the drop had taken place since 2019. The worst affected were workers in Africa, the Americas and the Arab states.

The much-vaunted economic growth that was supposed to lead to greater prosperity and incomes for all is a cover for increasing the wealth of a small proportion of the world's population, the owners of capital, not those who labour to create wealth. Far from improving the position of workers, economic growth led to a deterioration, with far worse to come.

The implementation of artificial intelligence is likely to affect around one quarter of the global workforce, particularly those in medium-skill occupations such as clerical support workers, service and sales workers, craft and retail trades workers and plant and machine operators and assemblers.

All the ILO report could offer as an answer was to encourage governments to ensure that "the gains of economic progress are fairly shared" by working to strengthen "labour market institutions that uphold fundamental principles and rights at work, promote social dialogue, and reinforce collective bargaining." The latter refers to the trade union bureaucracy, whose real role is to police the class struggle on the corporations' behalf.

Nevertheless, the ILO's findings illustrate why, when the world's handful of multibillionaires deprive billions of people of their rights, including the right to a decent standard of living, they must turn ever more forcefully to repression and dictatorship.