

More than 2.1 billion of world's 3.6 billion workers are in the informal economy

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The International Labour Organisation's *Employment and Social Trends 2026* report paints a stark picture of the conditions facing most of the world's workers.

More than 2.1 billion of the world's 3.6 billion workers—around 60 percent—labour in the informal economy. They work on a casual basis for low pay, often in hazardous conditions and without legal rights, job security or social protection, including sick pay, medical or disability insurance, unemployment benefits or pensions.

Informal or casual work is the dominant form of employment in much of the global South. In sub-Saharan Africa, informal employment reaches around 90 percent; in South and South-East Asia, it is similarly pervasive, accompanied by widespread poverty and severe decent-work deficits.

Informalisation is growing in the advanced economies, where migrant labour is widely used in agriculture, care work, hospitality and construction, and where “off-the-books” subcontracting has expanded in logistics and delivery through the platform or gig economy.

Own-account work—typically low-paid and undertaken out of necessity—has risen in low- and middle-income countries. In high-income countries, casual labour is channelled through digital platforms. Workers are formally classified as self-employed, and while platforms may process payments, they generally maintain informal employment conditions: no contracts, no guaranteed hours and no access to social protection.

The ILO emphasises that these conditions are structural, not transitional. Workers face a consistent pattern of precarity. They must cover the cost of equipment, fuel, insurance and downtime. Their hours are irregular and dictated by on-demand scheduling, requiring constant availability. Their incomes fluctuate daily and often fall below minimum wage once expenses are deducted. Platform algorithms set terms unilaterally and opaquely, leaving workers unable to contest automated decisions about pay, access to work or deactivation.

Precarity is not confined to the less-developed economies. Platform work is expanding fastest in high-income countries among young workers, migrants and those already excluded from stable employment, reinforcing a global reserve army of labour whose insecurity underpins the labour market today.

The industries and sectors most reliant on casual labour include:

Agriculture, by far the largest global employer of informal labour, where seasonal and family labour are unregistered.

The construction industry, characterised by long subcontracting chains and the widespread evasion of what little safety regulation exists.

Mining, which involves 45 to 50 million artisanal and small-scale miners (ASM) who work in 80 countries worldwide, with an additional 270 million dependent on ASM indirectly (services, supply chains, local economies), according to the World Bank. This is far more than in the formal mining sector, as corporate-controlled mines are highly mechanised.

The clothing and textile sector, where global supply chains depend on informal home-based work and small workshops.

Retail and wholesale trade, including street vendors, market traders and small shops, which form the backbone of distribution in many countries.

Transport and logistics, where informal taxis, moto-taxis, trucking and delivery services substitute for the lack of affordable public transport.

Domestic work and the care economy, one of the most feminised informal sectors.

Rising profits, falling labour shares

While workers' incomes have stagnated or fallen, formal firms have seen profits rise. Lower labour costs, greater flexibility in hiring and firing, and the ability to outsource compliance with labour regulations have all contributed to this shift. Global supply chains depend on casual labour hidden at the bottom of the production hierarchy, where value is created under informal and precarious conditions but realised by domestic intermediate firms in less-developed countries and by multinational corporations in the advanced economies—often routed through tax havens.

The ILO reports that labour's global share of value added stands at just 52.6 percent in 2025, below the 2019 level of 53 percent, despite continued growth in output. Declining for decades, this is likely the lowest level ever, but certainly since records began in the early 1990s.

Crucially, this means that the corporate and financial elite expropriate almost half the value created by the labour power of the working class and peasantry, who constitute the overwhelming majority of the world's population. And this amount is increasing annually. It signifies a historic shift in class power to the financial oligarchy.

Real wages for most workers—especially in low-income countries—have grown slowly, erratically or not at all once informality is considered. This is a long-term trend spanning decades. The modest growth in global real wages has fallen far short of what would be required to offset the losses during the surge in inflation between 2022 and 2024.

The expansion of informality and under-employment

Informality and casualisation are rising in many countries. Global unemployment is projected to reach 186 million in 2026, while the broader measure of labour underutilisation—the jobs gap—is expected to reach 408 million, with unemployment in North America set to increase.

Digital labour platforms now play a central role in casualisation. Around 154 million workers earn income directly through platforms such as Uber, Deliveroo, Upwork, Fiverr and Amazon Mechanical Turk. Using a broader definition—workers whose labour is allocated, managed or

mediated by platforms even when the work is offline—the figure rises to 435 million.

Platform labour has become a mass global labour regime, central to how surplus labour is absorbed and how wages are disciplined. Platforms expand labour pools across borders, driving down wages and eroding rights won through decades of struggle. They have become a key mechanism for enforcing “wage discipline” and labour-market “flexibility.”

Gig work is expanding fastest in regions with high unemployment, weak formal labour markets and large youth populations. The sector is projected to reach \$2.1 trillion by 2034. The United States has the largest national gig workforce—76.4 million people, or 36 percent of the workforce—earning over \$1.2 trillion, although Canada, Australia, Japan and South Korea have even higher proportions of platform-dependent workers, especially among young people and migrants.

The European Union has seen rapid growth in platform work, particularly in ride-hailing, delivery, care work and digital freelancing. This has triggered conflicts over employment classification and access to social protection. The UK has one of Europe’s most developed platform economies—Uber, Deliveroo, JustEat, Amazon Flex and numerous freelance platforms—provoking legal battles over employment status, rights and unionisation.

Neoliberal reforms and the rise of informality

The growth of the informal economy is rooted in the neoliberal restructuring of the 1980s.

ILO reports from the 1990s onward show that the Structural Adjustment Programmes (SAPs) imposed by the World Bank and the IMF—introduced after the sharp rise in US interest rates in 1979 made foreign debt unpayable and triggered a collapse in export revenues and a wave of sovereign debt crises—forced governments to privatise public enterprises, deregulate labour markets and outsource public services.

These measures eliminated millions of public-sector jobs, pushed workers into informal self-employment and eroded collective bargaining. Trade unions, integrated into corporatist structures, mounted no serious resistance.

At the same time, there was a boom in NGOs, especially in Africa and Latin America, often funded by the same donors pushing adjustment, aimed at “development,” “capacity building,” “skills” and “good governance.” NGOs took over functions previously done by the state—health, education, food security—on a project basis, not as universal rights. Targeting the informal poor, microcredit, “livelihoods,” “women’s empowerment” and “entrepreneurship” programs were aimed at the same informal workers and households the SAPs had created.

NGOs and the aid industry managed the fallout of neoliberalism while legitimising it. But that too is under threat with the ending of USAID and the sharp cutbacks in aid from the European powers and other major economies.

Youth unemployment, education and the erosion of prospects

The ILO notes that employment prospects for young people “remain problematic, especially in low-income countries.” In 2025, global youth unemployment rose to 12.4 percent, while the share of young people not in education, employment or training (NEET) reached 20 percent. This

figure conceals stark inequalities: NEET rates are 17 percentage points higher in low-income countries than in high-income ones.

Higher education no longer guarantees secure employment or higher wages. In high-income countries, graduates still fare better than their less-educated peers, but this pattern breaks down across much of the global South. The growing number of graduates and former teachers from Latin America working in Europe’s bars and restaurants—often earning more there than in professional roles at home—illustrates the widening mismatch between qualifications and labour-market realities.

Even in high-income countries, this advantage is eroding. The ILO warns that advances in AI are reshaping labour demand and could significantly weaken the employment prospects of young workers, including university graduates.

The ILO cautions that the tariffs imposed by the Trump administration threaten employment globally. Around 465 million jobs in 80 countries depended on foreign demand in 2024 through exports and related supply chains.

The reserve army of labour and the logic of capitalist accumulation

These findings vindicate Marx’s analysis of the reserve army of labour—the unemployed and underemployed population that capitalism requires to keep wages low and workers compliant. By maintaining a constant pool of readily available labour, employers can replace workers easily, suppress wage demands and maximise profits.

Casual labour, platform work and zero-hours contracts are contemporary expressions of this logic, developed in response to the falling rate of profit.

It confirms what Marx described as the “absolute general law of capitalist accumulation”:

The greater the social wealth, the functioning capital, the extent and energy of its growth, and therefore also the greater the absolute mass of the proletariat and the productivity of its labour, the greater is the industrial reserve army. The same causes which develop the expansive power of capital also develop the labour power at its disposal. The relative mass of the industrial reserve army thus increases with the potential energy of wealth. But the greater this reserve army in proportion to the active labour army, the greater is the mass of a consolidated surplus population, whose misery is in inverse ratio to the amount of torture it has to undergo in the form of labour. The more extensive, finally, the pauperised sections of the working class and the industrial reserve army, the greater is official pauperism.

The defence of wages and rights cannot be entrusted to trade-union bureaucracies that defend the profit system, the interests of big business and the state. It requires the conscious intervention of workers themselves, organised independently in a broader struggle for international working-class solidarity that challenges not only individual employers but the global capitalist system that subordinates human needs to profit.

Above all, workers must be armed with a socialist perspective to create a society based on genuine equality, in which the global economy is controlled by the workers and for the workers.

Workers across all sectors—including the gig economy—can resist the intensification of exploitation only by forming rank-and-file committees. These organisations can unite workers divided across sectors, platforms

and employers, and respond democratically and creatively to the challenges posed by transnational digital platforms.

To participate in building a rank-and-file committee as part of the International Workers Alliance of Rank-and-File Committees, or to share your experience of gig-economy work, contact the *World Socialist Web Site* using the form below.



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