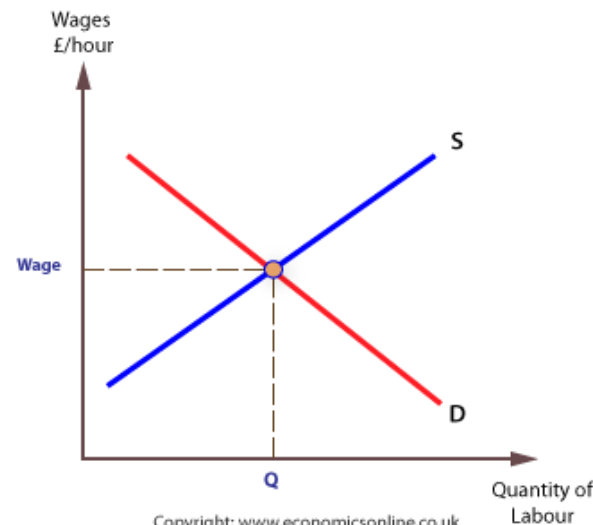
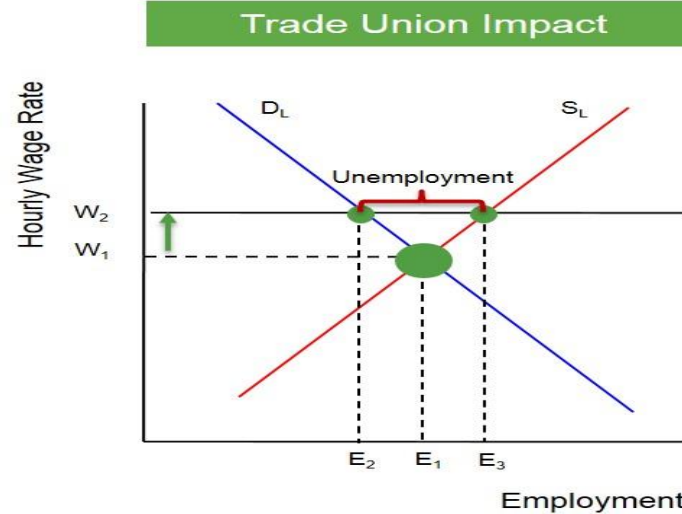


Employment patterns

What is the global labour force?	The global labour force, or currently active population, comprises all persons globally who fulfil the requirements for inclusion among the employed or the unemployed.
Growth of the global labour force	In 1980 the global labour force was 1.7bn but by 2030 it is projected to reach 3.5bn. Much of the increase has been fuelled by emerging economies with India and China alone adding close to a billion people to the global labour force. Greater participation of women, increased technology allowing easier access to work has also fuelled the rise of the global labour force.
Interdependence of the global labour force	The global labour market is interdependent in that it is affected by events in individual labour markets. For example, it is claimed that the expansion of low-cost labour in developing markets has depressed wage rates in the more developed economies. India has developed a specialisation of workers in IT and software development; this has reduced the demand for similar personnel in western labour markets.

Determination of wage rates (graph opposite)

In a free labour market, wage rates are determined by the interaction of the supply of and demand for labour.
Supply is mainly determined by the number of workers available and with the right skills/education/requirements.
Demand is a derived demand and depends on the demand for the particular product/service or industry. As such this is likely to be influenced by structural change, changes in the income/economic cycle, tastes and fashions, and the amount of capital available.



Wage rates

Skills, training and education	The importance of skills, training and education has long been recognised both as a means of growth for the economy and for the betterment of the individual. More skills and education means higher wages and disposable income leading to a better standard of living. With mass labour becoming ever more abundant, it is even more vital for labour to have skills that are in demand and also transferable.
Impact of global competition, recession and redundancies	A recession reduces the demand for labour and subsequent redundancies not only reflect a fall in demand but also increase the surplus supply of labour.
Impact of trade unions and professional bodies (top graph)	Trade unions and professional bodies have a distorting effect on wage rates: because they interfere with the free workings of the market, they can be seen as market imperfections.

Minimum wage legislation

Minimum wages in developed and developing economies	Minimum wages is an example of a distortion of the functioning of the labour market. The imposition of a MW causes the equilibrium wage to be higher than it should be if the market were to determine it. Some developing countries e.g. China have started to introduce MW.
Skills shortages	Structural change brings about skills shortages as new industries and businesses develop faster than the relevant supply of labour can. This has an impact on wage rates and the ability of countries/businesses to compete effectively.
Migration	When shortages appear in labour markets, one solution is to attract more labour to solve the problem. Relying on the internal or national supply of labour can be a problem due to the immobility of labour. However, accessing labour from international sources – migration – can be a solution and the UK has benefited from this in the past. You need to be aware of the pros and cons of migration given the political, economic and social implications it has.
Inequality	Labour market incentives such as the minimum wage can help to reduce inequality.