

Labor Market Challenges for Late Industrializing Countries

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Abstract:

In 2015, the United Nations agreed to pursue the Sustainable Development Goal #8 “To promote inclusive and sustainable economic growth, employment and decent work for all.” The paper argues that this goal will not be achieved. The abundance of persons offering their labor power in relationship to the limited demand for their labor stems from the insufficient absorption of peasants set free from their land. In many late industrialising countries most of those who are leaving agriculture do not find gainful employment even at the current junction. In fact, many of the late industrialisers are prematurely de-industrialising. Explanations for the lack of absorption capacity of industries and productive services range from overregulated labour markets to globalisation. On the basis of a comparison between the conditions prevalent among the early industrialisers and present-day late comers to industry and advanced services, the paper highlights other factors: demographic pressures, restrictions on migration, productivity differentials vis-à-vis the Global North and the few successful late industrialisers, and the constraints on the promotion of industry stemming from neoliberal globalisation. It also points to challenges stemming from the colonial heritage such a lack of societal trust.