

A Comparative Study of Labor Markets in Countries along “The Belt and Road”

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Abstract. Nowadays, global economy is in a regional community and China's economic development occupies an increasingly important position in the development of world economy. The promotion of the “The Belt and Road” strategy has achieved sustainable development with countries along “The Belt and Road” and expanded employment. However, the existing literature on study of labor markets in countries along “The Belt and Road” has not been further studied. Therefore, analyzing labor markets of countries along “The Belt and Road” and comparing their differences will be of great practical significance to regional cooperation of “The Belt and Road”. Based on this, this paper intends to compare and analyze the labor market structure and characteristics of each country along the “The Belt and Road”, and finally puts forward relevant countermeasures and suggestions.

Keywords: “The Belt and Road”, labor markets, comparative study.

1. Introduction

As China's comprehensive national power is growing, its international status is gradually improving. In order to advance the concept of a community of shared future for mankind, General Secretary Xi Jinping proposed the strategic concept of “The Belt and Road” in September 2013. “The Belt and Road” represents the all-round opening strategy of China's new era and is an attempt to promote new types of globalization. Since “The Belt and Road” was proposed, the Chinese government has been actively advocating it, which has caused a strong resonance among the countries along “The Belt and Road”. “The Belt and Road” includes 66 countries in Asia and Europe, involving a population of 4.4 billion. Currently, it is continuously deepened and implemented in different fields such as politics, economy and culture. Studies have shown that the key to whether “The Belt and Road” can be implemented depends on “people” (Zhuang Xizhen, 2017). It can be said that whether “The Belt and Road” can be smoothly promoted, the human resources of countries along “The Belt and Road” will become the dominant factor. However, the existing literature on study of labor markets in countries along “The Belt and Road” has not been further studied. Therefore, analyzing labor markets of countries along “The Belt and Road” and comparing their differences will be of great practical significance to regional cooperation of “The Belt and Road”. Based on this, this paper intends to compare and analyze the labor market structure and characteristics of each country along the “The Belt and Road”, and finally puts forward relevant countermeasures and suggestions.

2. The Characteristics of Total Labor Market in “The Belt and Road” Countries

2.1 Labor Force Participation Rate

The countries along “The Belt and Road” vary in size, so both the total labor force and the labor force participation rate are different. In terms of population, the number of countries with a total population of less than 5 million is the majority, while only 7 countries with a total population of more than 50 million are China, India, Vietnam, Russia, Bangladesh, Pakistan and Indonesia. Among them, East Asia, Southeast Asia, South Asia, and Central Asian countries have higher labor participation intentions. The average values of labor force participation rate in these regions from 2011 to 2013 are 0.667, 0.716, 0.652 and 0.659 respectively, which are higher than the world average (World Bank, 2017). However, labor force growth in some of these countries is slow, such as China and Russia, where labor force growth is only 0% to 1% (Zhang Yuan and Liu Li, 2017). Therefore,

the total labor force of these countries in the future may gradually shrink. The labor force participation rate in countries such as West Asia, North Africa and Central Europe is generally low and below the world average level. The reasons for the low willingness to participate in these areas include education level, social welfare system and immigrant impact.

2.2 Unemployment Rate

Unemployment rates can reflect the health of a country's labor market. The overall unemployment rate in countries along "The Belt and Road" is around 9% on average (Zhang Yuan and Liu Li, 2017). In Europe, unemployment rate has been high because of the impact on the economic system and the high cost of labor. In the past decade, the unemployment rate in Central Europe was about 13%, while the national unemployment rate in Southeast Asia was generally low, with an average of only 3.1% (Zhang Yuan and Liu Li, 2017). Among them, the Philippines and Indonesia are in the transition period of economic adjustment and their unemployment rates are relatively high. Therefore, these two countries are likely to play the role of labor exporting countries in the future strategic process of "The Belt and Road". Due to religion, turbulent political scene and international terrorism, the unemployment rate in Central Asia and West Africa countries is at a medium level among the countries along "The Belt and Road", with 9.3% and 9.4% respectively (Cong Xiaoman, 2017).

2.3 Wage Level

The cost of goods or the price of goods depends largely on the wages of labor. Therefore, the high or low labor costs largely determine whether an entrepreneur wants to invest and set up a factory in a region. Due to the low level of education, the high population density and the low economic level in South Asia and Southeast Asia, the average wage is in the lower reaches of the countries along "The Belt and Road". The average wage value is about \$111 and \$335 per month respectively (Cong Xiaoman, 2017). The labor force in Central Europe is in the upper reaches of the countries along "The Belt and Road". Besides, the population is sparse and the economy is developed. Therefore, the labor cost ranks first in all regions and its value is about double that of Southeast Asian countries (Cong Xiaoman, 2017). In countries of West Africa and East Asia etc., labor costs are in the middle reaches of countries along "The Belt and Road". Although China's labor costs are in the middle reaches of countries along "The Belt and Road", labor costs are gradually increasing with China's economic development level. Some labor-intensive industries, such as low-end manufacturing, have migrated to Southeast Asia from China. Therefore, in the strategic process of The Belt and Road, countries in Southeast Asia will mainly act as labor exporting countries due to their low labor costs.

2.4 Productivity

Productivity generally refers to the ratio of labor input to output. It can well assess the comparative advantage between countries and provide a reference for entrepreneurs when choosing an investment address. The main determinants of productivity are basic education, vocational education and vocational training. Productivity in East Asia, Southeast Asia, South Asia, Central Asia, and Central and Eastern Europe is higher than the world average and there is little difference between regions. Productivity in East Asia, Southeast Asia, South Asia and Central Asia is 7.267, 155.956, 145.324, 175.020 and 165.478 (Cong Xiaoman, 2017), while productivity level in West Asia and North Africa is at the end of the countries along "The Belt and Road" for lack of infrastructure construction and educational resources. West Asia and North Africa are the only regions in "The Belt and Road" countries where productivity is below the world average with a value of 130.789, and the productivity of countries in this region varies widely, especially in the UAE, Bahrain, Oman, Qatar and Yemen where productivity is very low, only about 100 (Cong Xiaoman, 2017). According to the above data, we can know that East Asia, Southeast Asia, South Asia and Central Asia have high labor quality and can be used as the main investment area for private capital.

3. The Characteristics of the Labor Market Structure of the “The Belt and Road” Countries

3.1 Industrial Structure

The industrial structure can indirectly reflect labor skills in a country. There are many countries along “The Belt and Road” where the situation is complex and the industrial structure is quite different. 48% of the industrialization is in the late stage, while the rest are in the early and middle stage (Zhang Yuan and Liu Li, 2017), which means that most countries are in the low-end or middle-end industry stage and the primary and secondary industries dominate these countries. In developed countries, the tertiary industries are the main industries and the values of the tertiary, secondary and primary industries are 66.7%, 28.8% and 4.0% respectively. Besides, the differences between countries are small (Cong Xiaoman, 2017). This shows that the labor force in the high-end industry is more. In developing countries, a large number of labor force is concentrated in low-end industries and the proportion of labor in the tertiary industries, secondary industries and primary industries is 51.0%, 23.9% and 25.0% respectively. Besides, the sum of the proportion of the employed population in the secondary and tertiary industries is lower than the world average and proportion difference between countries is large (Cong Xiaoman, 2017). In the process of implementing “The Belt and Road”, countries will realize the mutual circulation of labor through strengthening regional cooperation. The labor gap between developing countries and developed countries will gradually shrink and the industries and employment in each region will develop in a balanced manner.

3.2 Education Structure

The quality of education is an important reference factor for measuring the quality of labor in various countries. The general labor force will help them improve their competitiveness and value after receiving basic education, higher education and skills education. At present, the main areas of cooperation advocated by “The Belt and Road” are concentrated in the fields of energy, waterway and land transportation, finance and trade, and the quality of labor force is relatively high. If countries along “The Belt and Road” are divided into developed and developing countries, 60% of labor force in developed countries has received higher education and 28.3% has received the secondary education. However, the proportion of labor force that has received higher education and secondary education in developing countries is lower than that in developed countries, but the labor force of lower education is higher than that of developed countries and there is a big difference between countries (Cong Xiaoman, 2017). From a regional perspective, the labor force in Southeast Asia is in the lower reaches of the countries along “The Belt and Road” and the proportion of labor force with primary education is the majority. However, the education level of labor force in Central Europe is in the upper reaches of the countries along “The Belt and Road”. The proportion of labor force with higher education is high and higher than the world average (Cong Xiaoman, 2017). In short, some countries along “The Belt and Road” are still in the early stages of industrialization and the demand for education and skills training for the labor force is huge. If countries deepen regional cooperation, it will be beneficial to the smooth progress of “The Belt and Road”.

4. Comparison of the Overall Labor Market in “The Belt and Road” Countries

4.1 Advantages and Disadvantages Comparison of Labor Markets in European Countries

The evaluation of labor markets mainly includes the following aspects: labor participation rate, productivity, education level that labor force has received and labor costs. Among the countries along “The Belt and Road”, the European region has the largest number of developed countries relative to other regions, so the European economy is the most developed in all regions. The quality of education in Europe is also highest in areas along “The Belt and Road”, which puts productivity in Europe at an upstream level. In the industrial structure of the European region, the tertiary industry is the dominant industry, so the occupational skills acquired by the labor force are generally higher. These

characteristics will enable the European region to increase the number of higher labor force in other economies and increase productivity in other regions in the process of cooperation with other economies. The disadvantages of the European region mainly include the low labor participation rate. Besides, the total labor force is less than that in the Asian region and the labor costs are higher. These disadvantages lead to the inability of the European region to provide sufficient labor force for “The Belt and Road”, especially high-level labor force. The strategic cooperation fields of “The Belt and Road” are mainly concentrated in the secondary industry and the tertiary industry. High labor costs will reduce the profitability of enterprises and ultimately lead to lower investment willingness in the European region.

4.2 Advantages and Disadvantages Comparison of Labor Market in Asian Countries

In the last century, Asian countries experienced a round of population outbreaks, which showed the characteristics of large labor force population. The number of labor force along “The Belt and Road” Asian countries accounted for about 70% of the total number of countries along “The Belt and Road” (Zhuang Xizhen, 2017), and the labor participation rate and productivity of Asian countries are higher than the world average, providing human resources protection for cooperation between regions (Cong Xiaoman, 2017). At the same time, labor costs in Asian countries are generally low, which will provide sufficient labor force for “The Belt and Road” strategy and facilitate the promotion of “The Belt and Road” strategy. However, since the industrial structure of most countries in the Asian region along “The Belt and Road” is dominated by the primary industry, a considerable part of the labor force is low-skilled labor force. However, the main industries of “The Belt and Road” strategy are the secondary industry and the tertiary industry, which will have an adverse impact on industrial transfer between countries. In some countries in Southeast Asia, the unemployment rate has been at a relatively high level and labor force that has been unemployed will make their previous occupational skills unfamiliar, which will have a negative impact on the productivity of the country to some extent.

5. Conclusions and Policy Recommendations

5.1 Research Conclusions

Through the method of literature research, this paper studies the labor market structure and characteristics of each country along “The Belt and Road” and conducts comparison and analysis. By comparing the overall labor markets of countries along “The Belt and Road”, the specific conclusion is drawn that Asia is suitable for developing labor-intensive industries and Europe as a whole increases the labor participation rate. Besides, this paper finally proposed relevant countermeasures. Due to the different industrialization processes in different regions, the industrial structure of each region is not the same. This will lead to differences in the skills of the labor force between countries. The skills of the labor force in European countries are in the upper reaches of the countries along “The Belt and Road”. Labor force circulation and industrial cooperation between countries along “The Belt and Road” will help to eliminate this difference. The degree of economic development varies from country to country, so there are differences in social security and wage levels between countries, which means that labor costs vary widely among countries. The total labor force provided by Asian countries for “The Belt and Road” strategy accounts for about 70% of the total labor force of the countries along “The Belt and Road”. This will make the Asian countries become the main labor exporting countries and the labor costs in Southeast Asian countries are superior in countries along “The Belt and Road”.

5.2 Countermeasures

Firstly, due to the abundant labor force, it is recommended to develop labor-intensive industries in the Asian region. However, since the quality of education in the Asian region is not as good as that in Europe and most of the labor force has the skills required for the primary industry, private enterprises investing in these regions need to provide adequate and high-quality skills training

systems. Because of the low labor costs in Asia, private enterprises can use material incentives to guide the labor force to conduct skills training, thereby increasing productivity. In some parts of Asia, there are more unemployed people. The primary enterprises in the secondary industry and the tertiary industry can provide skills training to guide the unemployed to become the labor force that masters the skills required for the secondary industry and the tertiary industry, thereby expanding the high-end labor force. Secondly, in the European region, the secondary industry and the tertiary industry are relatively developed and laboring population with the skills required for these industries is large. However, the labor participation rate is low. Due to the high labor costs and high local prices, material incentives are very expensive. Therefore, private investment companies need to provide other incentives, such as honor incentives, to encourage the local labor force to participate actively in labor production. Part of the reasons for unemployment in Europe is the lack of demand, so a certain proportion of the unemployed population belongs to the talents with the skills required for the secondary and tertiary industries (Cong Xiaoman, 2017). Private enterprises can introduce them to countries in Asia that require labor force in the secondary and tertiary industries through a series of measures, thus promoting the exchange of talents in two regions. However, labor-intensive companies need to avoid investing in Europe because the total labor force in Europe is not large.

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