

HESS CENTER FOR NEW FRONTIERS TRENDLINES

Overview: Trendlines synthesizes research from across CSIS programs to identify the structural trends and new forces shaping the global economy and geopolitical landscape. Each edition distills research from across CSIS into key signals for policymakers, industry leaders and strategic decisionmakers.

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Two labor market shocks are arriving concurrently. Across advanced economies, workforces are shrinking. Some sectors are already experiencing domestic labor shortages, while others are turning to automation or immigration to sustain productivity growth. At the same time, in developing economies, 1.2 billion young people are entering working age only to find there are not enough jobs to go around. Sitting at the center of this labor equation is AI, which is disrupting and redefining the entry-level and support roles that were once a main on-ramp to the workforce. This issue examines the human capital inflection now confronting governments, companies, and cities; it examines the future of the global workforce.

The Data:

40%

Projected reduction in GDP per capita growth across [OECD](#) countries by 2060 due to aging

Oldest Populations in 2025 (Median Age)

	Japan	49.8
	Italy	48.2
	Portugal	46.9

Source: UN World Population Prospects

35% to 46%

[AI enhanced automation exposure](#) entry-level and support workers today

Youngest Populations in 2025 (Median Age)

	Central African Rep.	14.5
	Niger	15.6
	Somalia	15.6

Source: UN World Population Prospects

2 in 3

Young people entering [working age](#) in developing countries projected to be without formal employment over the next decade

Lowest Fertility Rates in 2025

	South Korea	0.75
	Singapore	0.96
	Ukraine	1.00

Source: UN World Population Prospects

| The Trends:



| Trend 1: Those Entering the Workforce



Photo: LUIS TATO/AFP/Getty Images

Over the next decade, 1.2 billion young people in developing countries will reach working age. This is the largest new entrant cohort in economic history, forming in cities whose infrastructure, housing, and governance systems were built for a fraction of that scale. Whether this pipeline becomes the world's greatest economic asset or its most destabilizing pressure point depends almost entirely on decisions being made now about workforce training, urban planning, and investment in critical infrastructure more broadly.

“At their core, Gen-Z protestors are demanding two things: decent work and livable economies. How effectively states address their stagnating economies will dictate their levels of political risk in the coming years.”

—Catherine Nzuki, CSIS

The Trendline: The political consequences of this demographic trend are already emerging. In India, the Cockroach Janta Party, an online protest movement created by a 30-year-old graduate, amassed 23 million followers within days, driven by educated young Indians unable to find work even as the nation's GDP surges. In Nepal, a Gen Z uprising culminated in the resignation of a prime minister. CSIS analysis concludes that these movements are increasingly digitally mobilized and aim to renegotiate existing governance structures. When formal employment cannot absorb a growing young workforce, economic pressure leads to political mobilization and social unrest. South Africa illustrates the same underlying dynamic from a different angle. In early 2026, youth unemployment among those aged 15–24 reached 60.9 percent. For the broader 15–34 age group, more than 4 in 10 young people were outside formal employment, education, or training. Labor market conditions on such scale can amplify existing political and social tensions, including rising anti-immigrant sentiments. A parallel trend toward rapid urbanization compounds the challenge: An additional 2.5 billion people are expected to be living in cities worldwide by 2050, but a \$1.5 trillion annual financing gap across low- and middle-income countries for infrastructure and housing remains.

What It Means: For governments dealing with a growing, largely informal, urbanized workforce of young people, failure to address labor market challenges poses an existential economic and political risk. Despite the clear challenges, there are opportunities for the new billion-person pipeline to be a driving force for productive economic capacity worldwide through the right investments. The April CSIS Futures Summit, convened panel discussions around solutions to private capital deployment, unemployment, secondary cities, and housing. Participants also discussed the expansion of formal employment pathways and private-public partnerships to coinvest in entrepreneurship and workforce development at scale. Research shows that entrepreneurship continues to fill gaps in agtech, fintech, and logistics, even in environments facing political instability, inflation or economic downturn.

Trend 2: Those in the Workforce



Photo: chokniti/Adobe Stock

Across sectors, the AI revolution and corresponding infrastructure build out is driving demand for labor faster than traditional training pipelines can keep up. The question is whether economies can move workers into the roles that need filling and equip those already working with the skills in demand for this new AI era.

“As technologies accelerate and professionals grow increasingly uncertain about job security, organizations must prioritize developing the leadership and other skills that create a well-adjusted and confident workforce necessary for long-term success.”

—Nina Tarr, CSIS

The Trendline: There are not enough workers to fill the jobs we anticipated in an AI-driven economy. CSIS analysis projects that under an aggressive AI adoption scenario, the United States alone could need up to 140,000 additional electricians, pipefitters, welders, and HVAC technicians by 2030 just to build and maintain AI data centers.

What It Means: The challenge runs in two directions: Some sectors need more workers than currently exist in the pipeline, while others have workers whose skills no longer match what their industries require to be competitive. Across research on AI, advanced manufacturing, semiconductors, and industrial policy, workforce capability has consistently surfaced as a primary constraint on execution across sectors. CSIS analysis finds that entry-level and support workers face 35–46 percent automation exposure. Across semiconductor manufacturing and other technical fields, CSIS analysis finds workforce capacity is the binding constraint. Reskilling at scale across trades, technical fields, and other professional services to leverage new technologies is one of the few levers available to ease pressure by boosting worker productivity in an AI-driven economy.

Trend 3: Those Exiting the Workforce



Photo: SMC/GP/U.S. Air Force

Global life expectancy has risen from 48 years in 1960 to 73 years today. As people live longer and fertility rates fall, countries are aging— some faster than others. The economic consequences are already measurable. Advanced economies with shrinking workforces are grappling with the math of old pension systems designed for a time when there were three workers for every retiree. In fast-aging developing and middle-income economies with relatively low per capita income levels, the concern is that populations will grow old before they get rich. In both cases, the question is the same: How can economies support a growing retiree population with fewer workers?

“Demographic aging is certain, but how fast institutions adapt is not — that gap, not the aging itself, is the real risk.”

—Jennifer Dabbs Sciubba, PRB

The Trendline: Workforces across advanced economies are aging and shrinking, lowering economic growth forecasts. GDP per capita growth across OECD economies is projected to fall 40 percent by 2060 as workforces shrink, from 1 percent annually in the 2010s to 0.6 percent. The old-age dependency ratio (the number of retirees relative to working-age adults) rose from 19 percent in 1980 to 31 percent in 2023 and is on track to hit 52 percent by 2060. These two trends, slowing growth and societal aging, compound each other. The 2026 OECD Economic Employment Outlook additionally finds that in the 20 percent of regions with the highest old-age dependency ratios, shrinking workforces could increase labor shortages by 15 percent within 15 years. The headline numbers and low fertility rates captured attention last year. Japan and China experienced a population decline of over 3 million people as announced at the end of 2025. However, the more consequential shift is quieter: the speed at which working-age populations are graying, and what that means for the economies that depend on them. This aging societies trend is accelerating. Europe required nearly half a century, between 1950 and 2000, for its population aged 60 and over to increase from 11 percent to 20 percent. Latin America took half that time and the Economic Commission for Latin America and the Caribbean projects that 1 in 4 people will be aged 60 and over by 2050 in this region.

What It Means: Aging is arriving faster than the institutions built to manage it are adapting. The healthcare sector faces thousands of projected shortages of registered nurses and physicians by 2037. For developing economies, the fiscal dimension is equally pressing as governments have less time to adapt pension systems, healthcare spending, and labor markets.

The Trajectory

The global workforce is entering a period of structural transition at a moment of profound technological disruption. Advanced economies face growing labor shortages, slowing economic growth, and top-heavy healthcare and pension systems. Lower income economies are struggling to create adequate training, housing, and professional development infrastructure for the tidal wave of young workers entering the job market. In the near term, reskilling workers to competitively lead in the new AI-integrated economy, while creating avenues to harness the decades of expertise entering retirement will be strategic for the coming years. These demographic trends are nothing new, but they are arriving in a world with workforce policies designed for a different century.

For more information, please reach out to Joyce Bongongo at JBongongo@csis.org or Grace Dereemer at GDereemer@csis.org.