AN EXAMINATION OF THE GENDERED EFFECTS OF TRADE LIBERALIZATION

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Abstract: This article explores an emerging argument that traditional definitions of trade liberalization actually hinder or even reverse women's gains in the worldwide marketplace. The article begins by exposing some of the flaws in traditional economic theories that lead to an overemphasis on statistical indicators of growth, rather than more holistic measures of progress that consider socioeconomic status of poorer countries' citizens, most notably women. The author purports that, in reality, women who have taken jobs in the factories and fields, created as a result of outsourcing by developed countries' trade liberalization policies, face a declining ability to provide valuable, although largely ignored, informal work, including raising children and providing domestic care for their households. The value of this informal work to the global economy is estimated to be in the trillions of dollars. The author concludes by offering recommendations for future research into the effects of trade liberalization on women and the effects of lost informal, or domestic, work on the global economy.

INTRODUCTION

The current system of international trade is based on the assumption that expanding and liberalizing global trade is a benefit to everyone. Proponents argue that production specialization leads to a more efficient allocation of resources, higher levels of output and growth, national development, and global poverty reduction. In this description, trade policy is assumed to be gender-blind in its formulation and gender-neutral in its impact, flowing directly from economic theory which largely does not recognize gender at the theoretical, empirical, or policy level. However, given that there is wide-spread labor market segmentation and segregation in production by gender, including paid formal work and unpaid informal work, it is reasonable to assume that trade will have a differential impact on gender. Yet most trade policy analyses fail to recognize the gendered impact of trade, arguing instead that the market and economies that support trade are gender-neutral.

Trade liberalization has become an important tool for the development and stimulation of national economies and a significant component of human development goals as espoused by the United Nations Development Program (UNDP 1990, 1995). However, if the gendered impacts of trade are not acknowledged and addressed, trade policy can negatively affect women and, in the process, undermine development goals. In order to make trade more effective, women's roles in society and the economy must be understood and incorporated into trade policy. In order to do this, trade must be analyzed through a gendered lens, disaggregating its effects and generating statistics by gender. This information can then be used to strengthen trade and ensure that women, as well as men, benefit from increased trade liberalization.

This article will begin with a brief look at the background and context of development from which these concerns emerge as well as a discussion of women's roles in the economy. Multinational factory work and unpaid domestic and subsistence labor are emphasized because of the availability of data and because of the crucial role that gender ideology plays in these labor markets. However, gender-based analyses for other labor markets affected by trade legislation,
such as agriculture, are also possible in future studies. I will then turn to an analysis of the ways in which trade, by not recognizing and incorporating gender relations, has harmful consequences for women and ultimately undermines development goals. In doing this, I recognize that trade is only one aspect of many which affects economic development and the functioning of national economies; however, careful and thoughtful analysis can highlight the conjuncture of particular trade policy reforms and gendered socioeconomic outcomes. I will draw on published academics, development reports by nonprofit and government organizations, reports by donor agencies, and interviews with local Washington, D.C., trade activists to explore the areas listed above.

THE CONTEXT OF DEVELOPMENT

Over the past thirty years, the meaning and concept of development has been widely debated. In the 1950s and 1960s, development was largely understood as rapid economic growth measured in terms of gross national product (GNP) (Young 1993). However, by the 1990s, it became clear that this view of development failed to account for the goal of promoting individual well-being; more importantly, it became clear that the assumption that well-being would automatically flow from economic growth was unfounded. As the 1990 UNDP Human Development Report notes, an excessive preoccupation with GNP growth and national income accounts has overshadowed the fact that the primary objective of development is to benefit people. However, this focus has been supplanted by an obsession with indicators of economic performance, such as GNP (UNDP 1990).

From a feminist perspective, the use of GNP has been criticized as a measure for several reasons. First, the term is less objective than it appears because the decisions about what should be included and excluded are not value-free (Young 1993). Importantly, measurements like GNP do not take into account informal and unpaid labor, an area of the labor market where women are significantly represented (Waring 1988). Second, a rise in GNP provides no indication of how wealth or income is distributed or how quality of living or well-being is measured. Using GNP as a measurement of a country's success or level of development continues to address only the means, not the desired ends, of development (Kabeer 1994).

These concerns with traditional definitions of development are part of what gave rise to alternative conceptualizations of development, such as the human development approach espoused by the UNDP (UNDP 1990). In this approach, development is described as a means to help people realize their full potential and lead productive, creative lives in accordance with their own designated needs and interests (Sen 1999). The human development approach calls for enlarging the range of choices available to all through productivity and economic growth, equal opportunity, sustainability, and empowerment (UNDP 1995).

This approach recognizes that economic growth alone is not the decisive indicator of development but only part of the method for creating an enabling environment for people to enjoy lives of their choice. Thus, according to the human development approach, economic growth must be combined with a more equitable distribution of its benefits (UNDP 1990). Including women in the human development paradigm means that socially structured gender relations which constrain women's choices must be addressed directly and not reinforced through the continuation of non-gender-sensitive economic tools.

Although definitional shifts in the meaning of development have occurred, the reliance and preoccupation on economic tools and statistical indicators of development has not abated. The overwhelming reliance on free trade as the mechanism to integrate countries into the global economy remains based on the belief that generating economic growth will ultimately reduce poverty (World Bank 2002). In this respect, trade and its counterpart, privatization, have shifted the focus of development funding away from traditional fields, such as education and health care, to targeting a country's ability to engage in international trade (White 2003). However, Sandrasagra notes in an Inter Press Service article on January 20, 2003, that to date there is no compelling evidence that trade liberalization has led to poverty alleviation. In fact, as Suri noted in another Inter Press Service article on May 27, 2004, a study conducted by the United Nations Conference on Trade and Development (UNCTAD) demonstrates that poverty levels have actually risen within the fifty least developed countries in spite of an increase in their gross national income.
and export growth. The report cautions that trade liberalization, although not a panacea for the poverty of developing countries, can fuel national growth if it is accompanied by properly targeted development assistance.  

Thus, while there has been a theoretical shift in alternative definitions of development, this has not translated into a shift in the ways in which development tools are utilized. Although nonprofit organizations and advocacy groups have been prominent in their criticism of trade as a non-gender neutral development tool, the incorporation of women in trade policy has not been fully realized.

**Women's Work**

Women's participation in paid employment has risen around the globe within the last two decades, corresponding to the effects of structural adjustment and recent major acts of trade liberalization. As economies have industrialized, women have often followed their 'traditional' tasks from the household into the public work sphere. Stereotypes about women's 'natural' abilities, derived from the legacy of their traditional work duties, have been used to devalue the skills they bring to the workforce and to keep their wages low. In semi-industrialized export-oriented countries, this has resulted in a feminization of the labor force as firms prefer to hire women who will accept low wages and poor working conditions (for lack of other alternatives). Importantly, employers also prefer women because of the docility that comes with their disadvantage. In essence, employers take advantage of social norms that subordinate women and make them less likely to confront authority.

While the rise in female paid labor may not be entirely due to trade, the increase in specific types of employment available due to trade liberalization has had an unmistakable gender dimension. For example, in Latin America, women comprise 70-90 percent of workers in export processing zones where they assemble garments, textiles or electronics for export. Encouraging countries to develop their export-led economies, combined with the ability of corporations to transport their operations to the most profitable conditions, has resulted in a surge of relocated factory work. These low-wage jobs draw almost exclusively on female labor, taking advantage of the cultural conception of women as 'nimble fingered,' 'docile,' and unskilled and thus more suited to factory work.

Increased female participation in formal labor, however, does not necessarily translate into a decrease in their informal labor. Historical and recent experience shows that women's unpaid work does not subside when women enter into paying work. Unpaid work is any work that is not remunerated; it is wood and fuel gathering, cooking meals, caring for children, fetching and hauling water, and subsistence farming, most of which, if not all, are performed by women on a daily basis. The UNDP has documented that women work longer hours than men in nearly every country and that the annual value of women's unpaid and underpaid work is roughly $11 trillion dollars-slightly less than half of the officially estimated $23 trillion of global output. By not including women's unpaid, informal labor in the global conception of labor, women's work is rendered invisible and devalued.

**The Gendered Impact of Trade Policy**

The rise in women's employment through the trade-driven growth of the export manufacturing industry has had both positive and negative consequences for women. On the one hand, the increased income, autonomy, sense of community or collectivity, empowerment and a broader range of choices that paid work offers can all be positive influences in a woman's life. Conversely, paid work can also compromise the amount of time a woman has to devote to her demanding informal work load. It can create a violent backlash from those who hold firm to traditional patriarchal norms and can expose women to sexual exploitation and abuse.
imposed by traditional definitions of men and woman's roles in the family. Although export processing zones undoubtedly create jobs for women, they are associated with low wages, poor working conditions, and long hours. In addition, women working in these zones have reported forced pregnancy testing, sexual harassment, and physical abuse.

A current and contentious issue is whether labor standards and work conditions should be improved by making them part of negotiated trade agreements. Referred to as the social clause, advocates argue that core International Labor Organization (ILO) standards, such as the elimination of discrimination at work, should be incorporated into all World Trade Organization (WTO) negotiated trade deals, enforceable through trade sanctions, in order to regulate global labor standards. Advocates argue that corporate interests currently dominate trade agreements and take advantage of low labor standards in general and women's disadvantaged position in particular in developing countries; accordingly, these labor standards should be included in trade agreements to ensure that all worker's rights are protected.

Although the inclusion of a social clause may seem appealing, opponents argue that, as exploitative as the work conditions may be, the alternatives, especially for women, are far worse and the inclusion of a social clause based on standards that developed countries are able to meet may in fact worsen the economic situation already faced by developing countries (Kabeer 2004, 3-35). Opponents of the social clause contend that the working conditions of women in multinational corporations need to be understood in a historical and situational context in order to appreciate what the jobs mean to the women involved.

It is undoubtedly true that women, to some extent, currently benefit from the work offered even by exploitative multinational corporations. The inclusion of a social clause without specific attention to context risks exacerbating the current economic situation in developing countries. However, without increased attention to the context in which women are employed, the social clause and other proposals like it will work to the detriment of the people they purport to help.

Simultaneously examining the harsh working conditions for women in general and the socioeconomic context of the country in which they are employed highlights the very real tensions between in the opportunities and obstacles that women working in trade-related employment must face. The employment opportunities provide women with a sense of achievement and the money they make may provide leverage and open up options in their lives. However, this employment is particularly exploitive of women and their position in society and the economy. Recognizing the paradox of women's position in the work force in developing countries can lead to the development of ways to use trade to foster greater equality and ensure that women, as well as men, benefit. Opening avenues for women to negotiate better wages, working conditions, or other important improvements on their own behalf can help ensure that employment opportunities realized through trade are not closed.

If trade liberalization means an increase in the formal employment of female labor, which is a reasonable assumption and possible goal, then subsequently less time is available to provide the caring and essential services that women perform on a daily basis. Increased labor force participation places certain constraints on the time women can spend on childcare and nutrition-related activities; unless some of these duties are taken on by other members of the family, it is probable that levels of care will decline (Young 1993). As the demands on women's time and labor are increased, the time available to provide care decreases which, unless recognized and dealt with, can jeopardize human development in the long run.

**GENDERED EFFECTS OF GLOBAL TRADE IN DEVELOPED COUNTRIES**

The focus of the article thus far has been on the gendered implications of trade for women in less developed countries. Does trade also have gendered implications for developed countries? The answer is an emphatic yes. Similar to developing countries, women in developed countries face labor segregation and segmentation based on gender. Thus changes in the economy and the labor market fostered by trade agreements will impact women and men differently. For example, women in developed nations tend to be over-represented in industries such as textiles, apparel,
and leather goods (Kucera and Milberg 1999). Consequently, when these manufacturing jobs are transferred to more employer-friendly situations in developing nations (often realized through liberalized trade deals), women are displaced.

However, there are a number of significant differences in the ways in which trade agreements affect women's well-being in developed countries. These differences stem from the nature and strength of the domestic institutions which are in place before a trade agreement is signed. Women in developed countries have greater access to effective institutions, most notably the legal system, which endows them with some degree of power to challenge dominating corporate interests.

By contrast, women in developing nations have no legal recourse against the harsh and exploitative work environments they endure. In developing countries with weak institutions, trade agreements can severely limit the government's ability to regulate the behavior of firms beyond labor laws that existed at the time of the agreement. This undermining of state power can leave women with limited alternatives to contest their work conditions.

Women in developed countries also have access to a well-developed mandatory education system, relatively easy access to health care, and the availability of other social services which support their work in both the formal and informal labor markets. In addition, economies of developed countries inherently offer more opportunities for women to work and the cultures of developed countries are generally more accepting of women's work. All of this is not to say that women in developed countries do not face exploitative work arrangements. However, women in developing countries are much more vulnerable to trade liberalization policies that fail to consider their welfare than are women in developed nations.

RECOMMENDATIONS

As this brief analysis has shown, trade, as it is currently constructed and practiced, does not incorporate women's perspectives or experiences, resulting in one-sided agreements that overlook significant gendered aspects of the economy and society. Ensuring that trade does not hurt women is good public policy that allows the United States to continue international trade agreements in a positive, constructive way. Accordingly, a number of methods, including research, support for advocacy organizations, and monitoring of international organizations, have been developed to support this goal.

One of the most important ways to include women in the calculus of trade agreements is to undertake a comprehensive gender analysis of trade agreements before they are concluded. This process can include country specific analyses, disaggregated by gender, of the ways in which women will be affected by the trade agreement. To support this work, more qualitative information and fieldwork is needed to provide insight into the economic activities performed by all people.

Support for advocacy organizations is crucial. Organizations that encourage and lobby for gender impact trade analyses include both domestic and international firms. Women's Edge, a prominent Washington, D.C.-based advocacy organization has developed a full trade impact assessment model. The Caribbean Association for Feminist Research and Action (CAFRA) is a regional network of feminist activists who support research and advocacy on gender and trade. Furthermore, organizations such as the International Gender and Trade Network, a group that monitors and reports on the activities of the World Bank, is actively working to support equitable and sustainable trade.

In addition to gender analyses of trade agreements, advancing the work of advocacy organizations, and reporting on the work of international agencies, wealthy nations can take a number of additional steps to ensure that future trade agreements are beneficial to everyone. First, trade should not be a substitute for international aid; development assistance to help countries improve their access to affordable, high-quality health care, good education, clean water, efficient infrastructure, and effective institutions is needed for poor countries to build their capacity and be able to take full advantage of the opportunities provided by trade. Access to these services is essential for the productivity of any nation.

Second, requirements for foreign investment in trade agreements, the sections that ultimately encourage export-led production, should be changed to include provisions favorable to the host country. For example, investment sections of trade agreements currently restrict preferential purchasing from corporations to
the developing country. The inclusion of preferential purchasing, or requiring that an established percentage of domestic content in foreign production be included, is a common device that governments use to spur development (Ponicki 2003). Including preferential purchasing would help stimulate economic development for local business. These requirements could be further expanded to mandate the inclusion of women-owned small businesses and microenterprises.

In addition, the U.S. should enact legislation to create avenues for legal redress for foreign workers in American-owned industries. Although this option may not be initially utilized, as foreign workers may not want to challenge their employers for lack of other opportunities, it provides workers with the ability to seek legal compensation and protection from poor working conditions, a threat which may prove useful by itself.

Although much more could be done, these recommendations highlight some of the actions that are under consideration and that could be taken to realize trade's development potential. These recommendations, however, also highlight the complex and contentious nature of trade, demonstrating that far from a mere economic tool, trade powerfully affects people's lives, their livelihoods, and their daily well-being. For women, the poorest of the world and the caretakers of children, the impact of trade and the ways in which trade is conducted can be crucial.

CONCLUSIONS

This article examines some of the ways in which trade affects women differently than men. Calling attention to the gendered aspects of trade policy provides an entry point to critique the current economic system and highlight the very gender-specific, and often unequal, aspects of economics that are realized through trade. A gender analysis applied to trade policy means looking at what happens to women and men separately in order to analyze the detrimental affects of trade. A gender analysis also looks at the differences in resources and choices available to both women and men and assesses the power dynamics behind the oppression of women.

One of the largest gendered effects of trade is its disregard for women's unpaid, informal labor. By relying on economic indicators as evidence of success, trade ignores the realities of time and labor use. Wherever women work, their lives are altered by trade agreements negotiated and signed behind closed doors. The continued exploitation that results is counter to the objectives of free international trade which aims to encourage and stimulate growth to alleviate poverty.

Underlying this analysis is a more fundamental and philosophical issue that has yet to be directly addressed by the trade community and by the global community in general. Current trade ideology assumes that it is acceptable for some to lose in the short run so that others may gain in the long run. Free trade, it is argued, will at first be a tough pill to swallow; there will undoubtedly be winners and losers but in the long run, free trade will be more economically efficient and the winners will outnumber the losers. However, this assumption has not been rigorously questioned; who decides, for someone else, that losing in the short run is acceptable? The fact that those most likely to lose are also the most marginalized and disenfranchised is not coincidental and must be addressed. We must not continue to assume that everyone will be better off in a more economically efficient world but must honestly question our intentions and the type of world we are constructing.

NOTES

1 Privatization, or the selling of services that were once provided at low or no cost by a public entity to a private one, is often built in to trade agreements. As governments have privatized these services, responsibility for them has shifted to families and communities, transferring a disproportionate amount of the workload onto women's shoulders (Razavi 2002).


3 See, for example, Women's EDGE; Women's Environment and Development Organization;
Association for Women’s Rights; the International Gender and Trade Network; Development Alternatives with Women for a New Era; and others.

In order to bring countries out of debt, the World Bank and the International Monetary Fund (IMF) may impose economic adjustment policies and loan conditions such as currency devaluation, privatization of certain sectors (such as energy, health and water), lower social spending, and the compression of wages as part of an overall plan to stimulate growth (Symington 2002b, 3).

REFERENCES


