

Gender & International Trade in Asia: Case Studies on Households and Workers

Slide 9

By Shaienne T. Osterreich

Ithaca College, NY

Universitas Surabaya, Indonesia

Workshop on Economic Policy and Gender
Capacity Building in East Asia, Oct. 25-26



Three main topics...

- Trade in Manufacturing
 - Female labor force participation
 - Impact on employment and wages
 - Concerns over MFA
 - International Labor Standards
- Trade in Agriculture - impact on households
- Trade and the Informal Sector
 - Homebased work
 - Import competing goods
 - Subcontracting for MNC; assembly for export
 - Trafficking - the link with export factories



Link between international trade and ‘development’

- Income centric view: ‘development’ = GDP growth -
 - There is a possibility that increased trade can increase income levels and reduce poverty
- Capabilities view: Amartya Sen - ‘development’ means an increase in the set of things an individual is capable of doing [choosing to do] -
 - “Ultimately, the process of economic [human] development has to be concerned with what people can or cannot do, e.g. whether they can live long, escape avoidable morbidity, be well nourished, be able to read and write and communicate, take part in literary and scientific pursuits, and so forth. It has to do with... ‘replacing the domination of circumstance and chance over individuals by the domination of individuals over chance and circumstance (Sen, 1983, 18.)



Gender and Trade...

- We want to know if trade has increased income and if it has improved gender equity and transformed gender roles - improving women's power over their own lives
 - Fertility, gender wage gaps, control over labor, education, etc.



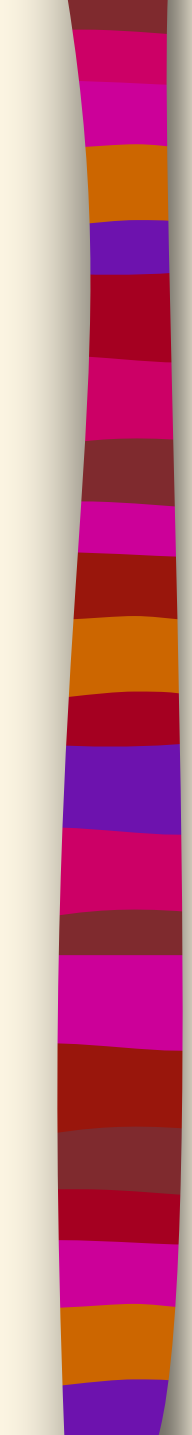
Increased World Trade and Manufactured Exports

- Between the 1970s and the 1990s
 - Trade as % of World GDP increased from 25-45%
 - Manufactured goods as a % of world exports increased from 59-74%
 - Manufacturing as % of exports for South increased from 20-60%
 - 78% of South and Southeast Asian exports are manufactured goods



Trade in Asia - Conditions in Manufacturing

- Old NIC's vs. New NIC's - Different conditions
 - Many of the 'Tigers' relied on strong state role in subsidizing exports, technology, regulating capital flows
 - Stronger emphasis on liberalization
 - » WTO environment
 - » Increased unregulated international capital flows
 - New NICS don't have money for such subsidizing
 - Increased pressure for lower prices, high productivity, and 'flexible' labor forces
 - More competitors now - East and Southeast Asia, North Africa, Central America
 - 'On-time' delivery/no-inventories - importing firms/distributors want short term supplier contracts so exporting firms don't want permanent full time workers
 - » Improved information/transport technology makes this possible



But - should not dismiss lessons learned by Older NICs

- As many of the older NICs relied on heavy state intervention, it's important to draw lessons from these policies
- Can try to anticipate labor issues faced by these countries before they are problems in newer NICs



Terms of Trade: Price of Exports Relative to Price of Imports (NBTT)

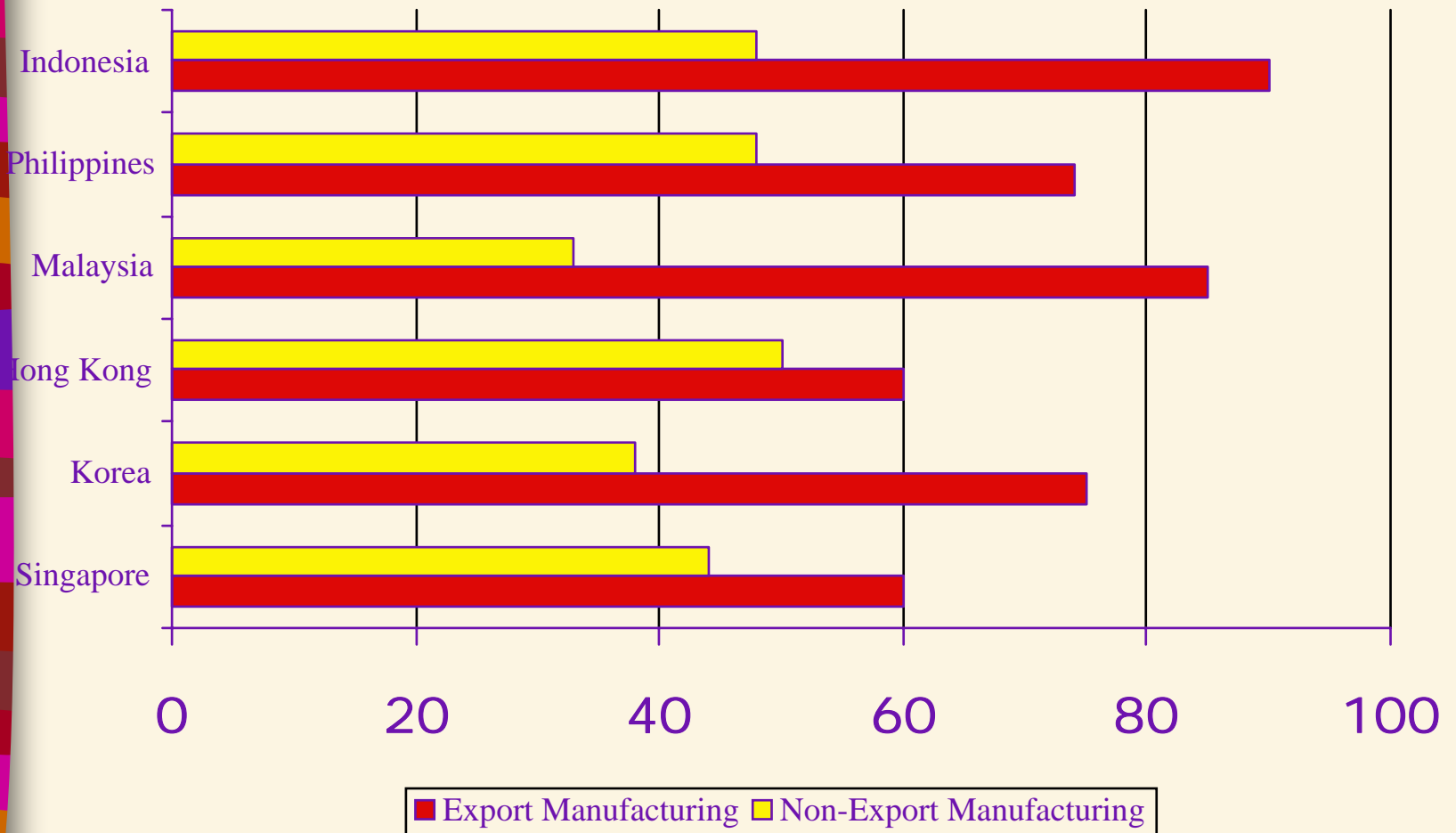
- Prebisch-Singer Thesis I : The price of developing country (primary) exports tends to fall relative to industrialized (manufacturing) exports
- Prebisch-Singer Thesis II: The price of developing (manufacturing) exports tends to fall relative to industrialized (manufacturing) imports
 - Why?
 - Differences in the modes of competition
 - Developing Countries: Competes primarily on price
 - Industrialized Countries: Competes primarily on innovation and product differentiation
 - Differences in labor markets



‘Feminization’ and Trade

- Positive relationship between openness to trade and feminization of labor force (Cagatay and Ozler, 1995)

Share of Women in Export vs. Non-Export Manufacturing



Women choose to work because...

- Paid work gets women out of the house and away from children, cooking, and cleaning
- Can increase self-esteem and income for women and for the household which can be empowering





Gender Wage Gaps in Export Sectors

■ Trends

Deterioration: Country Studies with women in export sectors

Berik, Rodgers, & Zveglic
2004

Seguino 1997

Cheng and Hsiung 1994

Osterreich 2002 (adjusted for
education/cross-section)

Improvement: Cross Country

Black & Brainerd 2004

Oostendorp 2004

Artecona & Cunningham 2002

When it happens...

- 'Crowding' - too many women in one industry
- 'Domestic obligation penalty' - (mis)perceptions about women's commitment
- Without maternity leave it's hard to acquire seniority
- Male vs. female 'aspiration' wages - what are you willing to work for?
- International capital mobility: if the firms can move to another LDC it reduces bargaining power (Seguino, 1996)



Gender and Trade Outcomes

- Gender wage gaps are associated with deterioration in manufactured export prices and worsening TOT in manufacturing (Osterreich, 2002)
- GDP growth for many export oriented industrializing LDC's is positively related to gender wage gaps (Seguino, 2000)
 - Low wages, raises profits, raises growth rates
 - But - bad for women, but is also bad for country especially if those profits are repatriated to the home country of FDI

“Women taught me how to do
‘unskilled’ work” -



Industrialization: It's Not Just the Asia

- Industrialization in the US/EU relied on women's labor for standardized production
- In the US/EU, women have experienced 58% more employment loss than men from competition in the manufactured traded goods sectors



Footwear
Factory,
Maine,
U.S.

1890



Nike
Factory

Ho Chi
Minh City,
Vietnam

2002

Labor Standards? What is the point?





The Downside of 'Feminization...'

- Expansion of women's employment has not dramatically/conclusively closed the gender wage gap
- Jobs are still insecure and unstable because mobile capital/FDI maintain an ongoing search for cheaper labor
 - Intensified by elimination of MFA
- The jobs are easily lost if a country can manage to move up the technological ladder
 - i.e S. Korea, Mexico, Taiwan have all experienced defeminization upon technological upgrading in export sectors



Debate over labor standards...

- Some core labor standards are absolutely necessary to protect labor vis-a-vis capital
 - Minimum wages, clean and safe working conditions, legal framework to collectively bargain
 - But embargos/tariffs in the face of a violation of labor laws are likely to lead to unemployment and increased poverty
 - Setting base labor standards on the model of labor protection in US/EU is unrealistic and likely to do damage
 - Best when done multilaterally/regionally and tailored for the particular country so as to limit negative effects on labor
 - CARICOM, ASEAN, MERCUSOR, etc.



In addition to labor standards...

- State intervention is needed to de-link ‘feminization’ with ‘standardized’ and ‘low skilled’ labor
 - Gender pay equity, maternity leave, etc.
 - Increased education for women at all levels
 - Especially in fields that will help them move up skill ladder
 - State funding for firms to upgrade technology and increase on-the-job training for women
 - Increase women’s access to credit and other resources (i.e. land) allowing them more bargaining power in the household and workforce
 - Gender aware trade policy - be able to identify who wins and loses



MFA Expiration - Multifibre Agreement [on Textiles/Clothing]

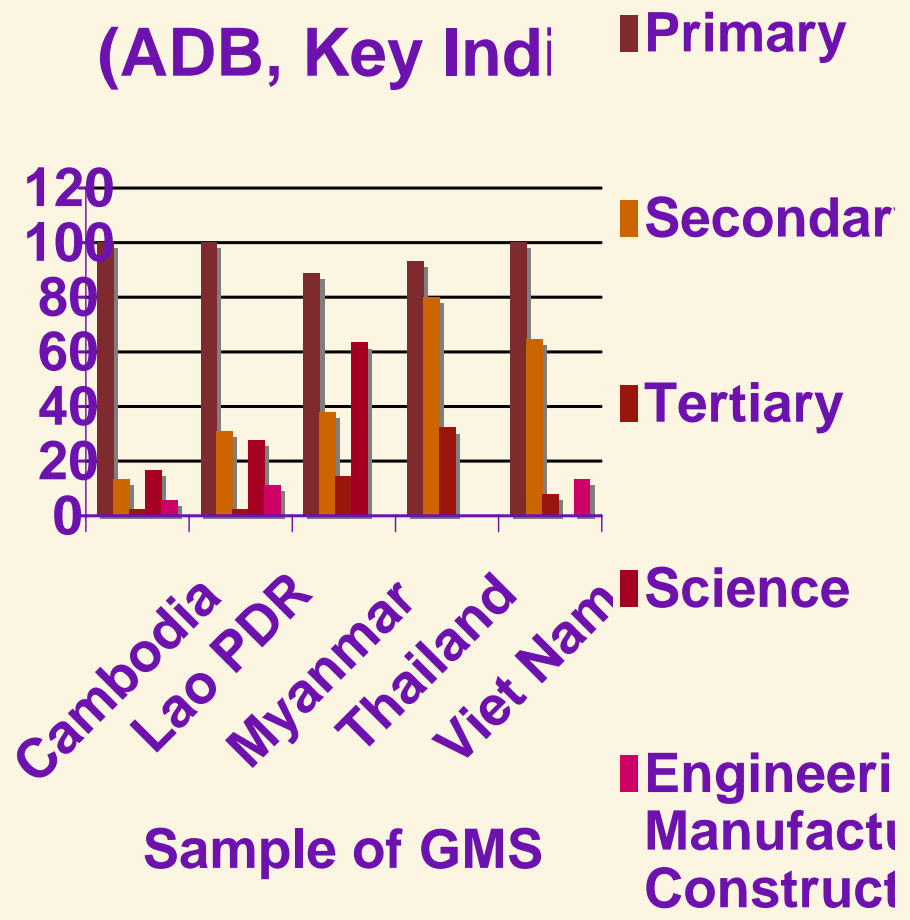
- Trade agreements with U.S., EU, and Canada to restrict clothing imports from LDCs
- In affect, it guaranteed a portion (albeit limited) of textile/clothing market in importing countries
- With quota elimination - potential to increase T/C exports for those who can compete
 - For those firms/countries that cannot compete - significant job loss is expected
- On-going research study being done to determine impact on women in Asia

Dependance on Quotas...

	Quota Ex. % of Total Exports
Bangladesh	90
Cambodia	90
Indonesia	33
India	73
Laos	86

Higher level educational attainment will affect women's ability to compete in high-tech export sectors

Education Enrol (ADB, Key Indi



Sample of GMS



Informal Work



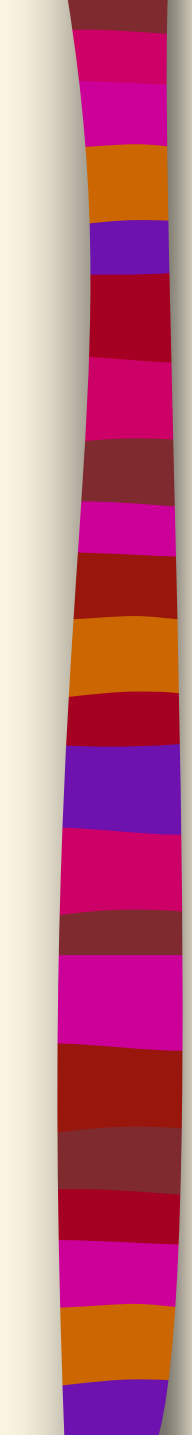
Households - Women's Work in and out of the Home

- Despite significant increase in formal labor market participation-little change in the distribution of home work
 - Child care, cooking, getting potable water, laundry, etc.
 - Increases the number of hours worked per day
 - ILO, *Women, Gender, and Work - What is equality and how do we get there?* (Geneva, 2001)
 - Fontana, Seguino



Agricultural Exports on N. Sumatra Estates- Palm Oil and Rubber (K. A. Siegman, 2002)

- Mostly ethnic Javanese workers
- 87% rubber permanent workers male
- 75% palm oil permanent workers male
 - Receive housing, rice, and medical benefits
- Approx. 75% day workers/temp. women
 - No benefits
- Overall wage diff-88% (not including benefits)
- 65 % women and 46% men had almost no schooling at all
- Capital equipment not provided by estate



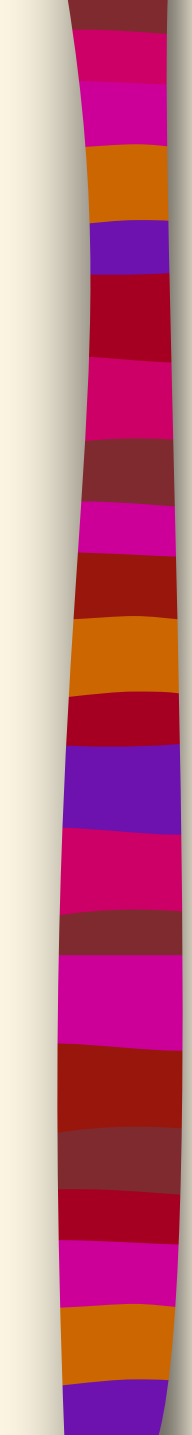
Household division of labor....quotes from workers.

- “R. : After coming home from the working place, you could say, we are jobless. On arriving home, I take a rest for one or two hours. After that, if I have something to do, that is only ... cleaning or doing what most Javanese do: ” dolan”, hanging around or just wandering.” (SUMaleFDI)
- „M. : I mean, between husbands and wives, who works longer? - R. : Wives, of course. Wives work from morning until evening. (...) - S. : When her child wets the bed at mid night, she's got to work again.” (SUMaleFDI)



‘Helping’ - Women re-allocate their labor time for men

- A majority of male permanent and temporary male workers on the estates are ‘helped’ by their wives during harvest season - they will work as many hours as other workers
 - Cross country data demonstrates that as women have less leisure time than men, this clearly cuts into time they spend doing the other work for the household
 - Implications for women’s food crop production and other work they do for home
 - In Tanzania for example, this actually increased child malnutrition



This would be ok if men pooled household income from export cash cropping -

- Evidence suggests they don't
 - Cross country evidence suggests men are less likely to pool income than women
 - Less likely to spend all new income on education, food, clothing, etc.
 - Since women are working less at food crop production (and other home work) this makes the family worse off.

Main conclusions...

- Weak gender relations can affect negatively trade outcomes
- Trade affects gender in different ways - multidimensional
 - Improved access to formal labor markets can increase cash income
 - Trade liberalization can increase access to cheaper imports
 - Negatively impact women's jobs in import competing industries
 - Variable impact on gender empowerment
 - + Women's role in formal economy outside of household is good for them - exposure to life away from children, cleaning, cooking, and family farm
 - - Increased income can improve access to other resources and increase self-confidence
 - - Impact on security? Increased dependence on global economy
 - International capital flows and global demand patterns
 - - Mixed evidence of significant change in distribution of household labor - adds to work done at home