Globalization, Employment and Women’s Rights

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AND WOMEN’S RIGHTS\textsuperscript{1}

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I would like to open my presentation by first thanking our host, the Institut universitaire d’études du développement (iuéd), and the organizers of this colloquium, Professor Fenneke Reysoo and her colleagues, for inviting me. It is a pleasure to be here, to hear other speakers and to have the opportunity to discuss the issues that the organizers of this colloquium have put on the agenda – issues which are immensely important and affecting the lives of large numbers of people – women and men – across a wide range of societies in North and South, East and West.

With those words of introduction I will, if you permit, get straight into the presentation of my paper. First I would like to say that this presentation is based on a draft paper and is thus open to your comments and suggestions for revision.

The broad purpose of my presentation is to provide an understanding of how this thing that we call “globalization” since the early

\textsuperscript{1} Excerpts of this presentation have been translated into French and published in Ch. Verschuur (dir.) with F. Reysoo, Genre, mondialisation et pauvreté, Cahiers Genre et Développement, n° 3, Genève: iuéd-efi; Paris: L’Harmattan, 2002, 255 p., pp. 35-44.

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1980s has impacted on the lives of women and men across a wide range of countries. More specifically, this paper intends to trace how the policies that we associate with "globalization" have impacted on women’s access to employment and to their social rights. I think this issue is important for two main reasons.

First, even though the way in which stabilization and structural adjustment policies have impacted on poor women in the South has often been criticized, the debate on the impacts of trade liberalization on female employment has been far more upbeat. In fact, it is often argued that globalization (and trade liberalization in particular) has increased employment in developing countries as the center of manufacturing has shifted from the North to the South, and that within developing countries women have undoubtedly emerged as the unquestionable “winners”. As one economist recently put it this has been the “saving grace of globalization”. I think this argument is questionable and I will spend much of the time that I have to explain that it must be challenged.

Second, a related argument that I think needs to be looked at very carefully is about the connections between employment and social rights as far as women workers are concerned. This argument, which is very often implicit in the literature, says that as poor women in poor countries had few entitlements even prior to the neoliberal era – during the so-called “golden age” of capitalism when import-substitution-industrialization strategies (or ISI) created jobs for a male “labour aristocracy” – it is meaningless to criticize globalization for creating jobs for women that have few social rights attached to them. Women had few rights anyway, so by definition no regression has affected them. Now that globalization has created “job for the girls” we should be content and stop complaining. Again, I think this argument is questionable and I will try to explain why.

But it is important that we first clarify what we mean by globalization. As we all know globalization has become a catch-all term for so many trends, that we need to be very careful not to use it as an
excuse for sloppy thinking. For the purpose of my presentation I am concerned with “economic globalization”, which I take to mean greater openness of economies to international trade and capital mobility, in other words, trade and financial liberalization.

I will now try to present the arguments that are more detailed in the paper I have prepared for this seminar – I will have to skip much of the details and hope that what I can present in the time that I have left will not sound too crude.

**PART ONE**

**THE FACTS ABOUT GLOBALIZATION**

First I will try to explain some of the important facts about globalization which will help nuance some of the grand claims that are often made and question other assertions that are simply inaccurate. So what are these basic facts?

*First*, although over the past 20 years economies have been significantly opened up through massive reduction of tariffs, for example, from a historical point of view we know that the current phase of globalization (i.e. the period from 1980 to present) is by no means unprecedented. Processes of international economic integration from the 1880s until the First World War probably surpassed many of the contemporary indices of globalization; interestingly the movement of labor across international borders was far more significant then than it is today.

*Second*, while globalists assume that there is an all-encompassing tendency in world trade, production and investment flows, these flows have actually remained very concentrated geographically – largely within the rich OECD countries and only in some developing countries, while most developing countries have not been integrated into the co-called “global” economy.
Third, both globalization advocates and critics assume that national states have become powerless because of globalization. Here again I think we need to nuance and to take two important aspects in consideration. One is to distinguish between different kinds of state (obviously some states have more capacity than others); state capacities differ greatly across countries in how they are able to cope and/or exploit opportunities of international economic change. Second, there are also differences depending on what area of policy one is looking at. In the context of financial liberalization, the choices in macroeconomic policy have undoubtedly been significantly narrowed: deflationary and fiscally conservative policies have become the norm, and this clearly poses huge constraints on other policy areas. But when it comes to industrial and social policies, there is more room for maneuver, and in the case of social policies there remain significant diversities across regions and countries. The institutionalized welfare states, for example, have not by and large abandoned their welfare states as neoliberals assumed or hoped they would under the pressures generated by globalization. In other regions too, like East Asia, some countries (like South Korea and Taiwan) have made attempts to build up a more universalist welfare state – precisely in order to cope with the pressures generated by globalization. For many other regions, however, such as Latin America and Eastern Europe which had developed different welfare state models over many decades the picture does look grim – there are strong pressures pushing towards a more residualist model of social policy with so-called “targeting”, “safety nets” and the like. But even here the picture is not homogeneous and there are notable diversities even within these regional clusters.

Then the national state is not dead – it is more constrained, and especially when it comes to macroeconomic policies. But there are still policy choices to be made, and globalization should not be used as an excuse by governments for making choices that are unpopular – there is probably more room for policy maneuver than many claim.
The fourth and final point that I wish to make is about the disappointing growth performance of the past two decades. In response to concerns that many organizations and individuals have been raising about structural adjustment policies and other neoliberal dictates over the years – for example concerns about rising levels of inequality, poverty and social exclusion – the routine response of those pushing for these policies has been that you should swallow the bitter “social costs” of economic liberalization because these policies will produce, and are producing, good rates of economic growth, which will eventually trickle down.

Well, it is increasingly clear that this is an empty promise which is not materializing in many regions. Not only have neoliberal policies failed miserably from a social point of view; it is also important to underline that for a great many developing countries these policies have also failed to produce decent rates of economic growth! The comparison of regional growth rates for the period 1960-1980 when developing countries were pursuing the much-criticised development policies associated with import-substitution-industrialization, with those for the 1980-2000 period, when they finally succumbed to the pressures from the IMF and the World Bank and “opened up” to world markets, leaves a big hole in the neo-liberal case for further liberalization. I will not repeat the figures because they are in the paper – but growth rates for much of Latin America and sub-Saharan Africa have considerably slowed down, and if you exclude China, the picture does not look very promising in Asia either.

Why is this so? Again, I will not go into the arguments as you are quite familiar with them. The two main causes of sluggish growth seem to be: first, the deflationary bias in neoliberal macroeconomic policies. The neoliberal macroeconomic agenda has been premised on increasing capital mobility, maintaining low inflation and reducing public debt (the golden rules that are not to be broken at any cost and under any circumstances) – and well, these policies have produced precisely what they were supposed to produce: mass
incomes have been deflated and global capital is mobile as never before and is making very good returns thanks to low rates of inflation and high real interest rates.

And the second cause of low growth over the past two decades, many believe, has been the much higher frequency of financial crises in response to the much greater cross-border flows of capital (or financial liberalization). Many observers believe that this has imposed a high cost on the real economies of many countries, especially the so-called “emerging markets” that have suffered the worst strains from these financial crises.

Now I do not think that economic growth is the ultimate goal. Far from it. But I do think that it would be foolish to deny the difficulties of reducing poverty and enhancing human well-being when growth rates are sluggish. We all know, of course, the great success stories of the 20th century: Kerala, Cuba, Vietnam and other countries that managed to enhance human well-being despite very low rates of growth and low GNP. However, these are exceptional cases. Especially as the current policy climate condemns genuinely redistributive strategies as “no-go” areas, it is even more difficult to replicate such successes. So in a sense I agree with the argument made by Mark Weisbrot and others that “growth may be good for the poor”, but World Bank and IMF policies have not been good for growth.

**PART TWO**

This takes me to the second part of my argument which is really the heart of the paper, and which essentially consists of three interrelated points.

*First*, I question the perception that certain policy-makers and some sections of the public in the North have that processes of trade liberalization over the past two decades have contributed to a significant shift in the structure of global manufacturing production, from the
North to the South, which has brought about substantial employment gains in the South, while it has given rise to high rates of unemployment and low wages among unskilled workers in the North. What the paper argues, based on a number of recent studies by UNCTAD and a substantial report prepared for the South Centre by Ajit Singh and Ann Zammit, is that while the public concern about the deterioration in wages and employment in the North are all well-founded, it is very difficult to attribute these changes to the rather marginal increase in trade with the South – in any case the North continues to hold a surplus in manufacturing trade with the South. Moreover even if there is a tendency for North-South trade to be detrimental to unskilled workers, this tendency can be overwhelmed by the “lift all boats” effect of faster economic growth. Which takes us back to the problems of deflationary macroeconomic policies that have paralysed Northern policy-makers in tackling employment problems.

Second, and more importantly, this paper questions whether North-South trade and trade liberalization in manufactured products has in fact led to significant employment expansion in the South, as is often claimed. Two points are worth emphasizing.

(1) Much of the change in trade relations between the North and the South actually reflects shifts in the position of a small number of countries – the so-called Group of 13 (as the ILO labour economist Ajit Ghose refers to them). So here again the impact is geographically concentrated, even though this group includes countries like China and India, that are clearly very significant as far as the population of the developing world is concerned. The other developing countries have, by and large, failed to shift their export base from primary commodities to manufactured goods.

(2) Within this small group of developing countries the extent to which shifts in North-South trade have led to employment expansion seems to be rather limited. As the Indian economist
Jayati Ghosh shows, while it is true that some countries like Malaysia, China, Indonesia and Thailand show a very impressive employment expansion over this period, this increase in only four countries takes place at a time when some of the most dynamic exporters like South Korea only show low rates of employment growth while in several large semi-industrial countries, like Brazil, Argentina and South Africa industrial employment growth was in fact negative in the 1990s. The important points to note here is that we are talking about net employment expansion which means any expansion due to exports minus any job destruction due to competition from imports – the other side of the coin when we talk about trade liberalization, since as we know tariff and non-tariff barriers have been halved in Latin America and East Asia over this period, leading to increased competition from Northern imports. So, as Ghosh argues, it is net expansion that we should be concerned about.

Third, a number of further important points emerge when we specifically look at female employment. I will summarize some of the main points that come out of the literature.

I would first like to underline the earlier arguments made by feminist economists like Susan Joekes and others, who have convincingly shown that industrialization in the context of globalization has been as much female-led as it is export-led and this was in many ways an exciting development which understandably attracted attention. I think that by the early 1990s, if not before, a consensus had emerged on this idea which considered the growth in international trade to be, on the whole, favourable to women's participation in the paid labour force. While some important elements of this assessment still hold true, I would argue that a number of trends since then in the employment patterns of developing countries raise notable questions. So what are these important qualifications?

(1) First, I think with all the excitement about women emerging as the new industrial work force, we somewhat under-estimated
(and under-researched) another development, namely the fact that the expansion of export-oriented production processes and employment in export industries is taking place simultaneously with the destruction of jobs in other parts of the manufacturing sector. Indeed cheap imports flooding into developing countries due to policies associated with trade liberalization (like reduction of tariffs) threaten certain sectors. This is an area that I think has remained under-researched and now, as the pace of trade liberalization accelerates, it is becoming all the more urgent to document what is happening more carefully. It is simply not good enough to say that industries that are being affected by trade liberalization are the ones that provide jobs for a “male labour aristocracy”. In the paper I give two examples, one from China and the other from Bangladesh, and in both cases I think there is evidence of job destructions probably affecting large numbers of women. In the case of China the evidence is more straightforward and we know that the destruction of jobs in state-owned enterprises has affected significant numbers of women and that the trends are likely to intensify in the near future as China further reforms its state-owned enterprises. In the case of Bangladesh the evidence is more indirect, but the job destructions in the informal sector industries that are located in both urban and rural areas are probably affecting many women too who are hidden under the category of unpaid family workers. This is one important reason for being somewhat cautious about trade liberalization.

(2) I have already mentioned the second reason for being cautious, but I think it also has a significant gender dimension to it, and this relates to the slowing down of employment expansion in many countries. Even for those countries that are successfully expanding their exports, like Malaysia, Indonesia and Chile, there have been worrying signs that they are facing what economists call “diminishing terms of trade”. In simple language this means that there has been a relative decline in the prices of manufactured exports from the South compared to manufactured imports.
into the South from the North, so that as a Southern country you have to push out more and more exports in order to buy the same bundle of imports from the North. This trend has been carefully documented by UNCTAD and by several independent Asian economists who argue that manufactured exports from the South (e.g. garments, shoes) are more and more like traditional agricultural commodities. According to UNCTAD one of the reasons for this trend has been the low technology and wage content of manufactured goods in which Southern countries specialize that has kept export prices low. Thus as Gita Sen argues, to the extent that gender inequalities and gender biases have allowed these countries to keep wages very low, these have reinforced structural inequalities between the South and the North.

(3) You probably already know the third reason for caution since it was discussed at some length in the 1999 UN Report, *World Survey on the Role of Women in Development*, and this is the defeminization of manufacturing employment in several East Asian countries. In other words, since the late 1980s in many middle-income countries the demand for women's labour in export-oriented manufacturing has been weakening, as export production became more skill- and capital-intensive. As examples of this trend, the UN report cites Singapore, Taiwan, South Korea and the maquiladoras in Mexico. In South Korea specifically, it notes that the composition of the workforce in the electronics industry has changed in favor of male workers, as production in this sector shifted to more sophisticated communication and computer products.

I will not go into the specifics, since this issue is detailed in my paper, but I will just note that while defeminization is more or less obvious – since we know that it is going on in countries as diverse as South Korea, Taiwan, Singapore, Malaysia and Mexico – the mechanisms are far from clear. There are competing hypotheses as to why women may be losing their employment position vis-à-vis men, which I try to explain in the paper. They are not very con-
vincing and this is another area that needs to be looked at much more carefully.

So for all these reasons I think we need to be far more cautious before we celebrate the employment gains from trade liberalization for the South and for Southern women in particular. Finally I want to talk about the connections between female employment and entitlements or social rights.

PART THREE

Many see social policy as a handmaiden to industrialization whereby the state in effect subsidizes wages by underwriting labour costs for employers, including exporters, through the provision of subsidized food, housing, and social services of various kinds (health, education, training, childcare and so on) and by cushioning the risks of unemployment, sickness, old age and so on through social insurance programs. There are good reasons to think that, with varying degrees of success, the developmental states in East Asia, South Asia and Latin America performed such functions in the post-independence phase.

Now, the feminist critique of this historical record (not only in the South but also for some of the pioneer welfare states in Europe), to put it crudely, is that women were not granted social citizenship in the emerging welfare states – that they were treated as dependents of male breadwinners. The formal sector workers with social rights were predominantly men, while women only had indirect rights as their dependent wives or daughters. In sectors where women dominated as workers such rights were far less developed – think for example of the famous dormitories for women workers in export industries in some parts of East Asia – and their contracts were often casual.

So the important question today is how these limited, inequitable and gender biased models of social policy have been reformed and
restructured since the early 1980s when the old model was declared bankrupt and elitist. Is there a move towards a more gender-egalitarian and citizenship-based model of social policy? What kinds of social policies are replacing the old fiscally unsustainable and flawed models? I think some of the trends that we see – in pension and healthcare reform, which I say a little bit about in the paper – are far from encouraging. With the processes of privatization and commodification of social policy that are under way, the old male breadwinner model of social policy is being pushed aside in some places – men’s employment is becoming more “flexible” as many have argued. But, as Diane Elson and Nilufer Cagatay have argued, the old male breadwinner model is not being replaced by a gender-egalitarian reform of state-based entitlements that gives equal rights and entitlements to men and women for their different kinds of contributions to society. Instead in a significant number of countries state-based entitlements are drastically cut and replaced by a market-based individualized system of social services for the few (men and women) who can afford them, and elusive “safety nets” for the great many who cannot.

Reference