

## **Trade – A Driving Force for Jobs and Women's Empowerment? Focus on China and India**

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### **1. Gender and Trade**

Trade liberalisation is widely seen as a driving force behind economic growth and poverty reduction. Proponents of neoliberal economics such as the World Bank<sup>1</sup> and economist Jagdish Bhagwati<sup>2</sup> suggest that trade liberalisation is a driving force for gender equality as well. They regard free markets as the best mechanisms for resource allocation, wealth creation and distribution, and the narrowing of gender gaps. This is based on the assumption that trade produces growth, and that growth will open up opportunities for better education, more jobs, higher income, more credit and better opportunities for women entrepreneurs.

The spectacular rise of growth rates in China and India, the reduction of poverty in absolute terms and the emergence of new consumer classes are taken as proof of these economic assumptions. Women are depicted as winners in the restructuring of the Indian and Chinese economies and their accelerated integration into the world market, in particular women in export manufacturing, information and communication, and services.

However, all these assumptions are highly controversial. Keynesian economists such as Nobel laureate Joseph Stiglitz and Dani Rodrik, as well as feminist economists, question the alleged effects of the current trade liberalisation agenda on poverty elimination, fair distribution and gender equity. They highlight the growing inequality and social disparity as the adverse outcomes of an economy that, obsessed with constant growth, subordinates social concerns to competitiveness. Feminists stress that competitive advantage often comes at a heavy price, in the form of discrimination against women and gender gaps.<sup>3</sup>

National economies as gendered processes of production, reproduction and consumption experience profound change as a result of the opening up of markets and trade liberalisation. A wealth of research is available that shows that trade policies, like any other economic policy, involve and affect men and women differently. This gender differential is informed by and based on the gender division of labour (both in the market and the household), women's and men's different access to and control over resources such as assets, rights and time, and also cultural ascriptions of gender stereotypes and norms.

Feminist economists and gender activists have been able to get UN organisations, the World Bank and even the WTO to acknowledge their concerns about gender inequalities resulting from trade liberalisation and trade policies. UNCTAD carried out a gender analysis of the different WTO agreements with a view to assessing whether

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<sup>1</sup> World Bank (2006), *Gender Equality as Smart Economics. Gender Action Plan 2007–2010*, Washington.

<sup>2</sup> Bhagwati, Jagdish (2004), *In Defense of Globalization*, Oxford.

<sup>3</sup> Seguino, Stephanie (2000), 'Gender Inequality and Economic Growth: A Cross-country Analysis', in: *World Development* 28: 1211–30.

trade liberalisation promotes gender equality or reproduces gender differences. UNCTAD concluded that gender differences continue to exist, and that the negative effects of trade liberalisation more often affect women than men. At the same time, free trade provides women with new market and job opportunities and, to be sure, many women have succeeded as entrepreneurs.<sup>4</sup> UNCTAD designed a kind of neoliberal formula for engendering trade, 'Make liberalisation work for women', aimed at a more beneficial integration of women into global competition and trade, without questioning the trade liberalisation agenda.

### 1.1 Focus on China and India

This paper focuses on the emerging markets in China and India in order to analyse the implications of trade liberalisation for women. Both countries are on their way to becoming economic superpowers, thereby transforming the global landscape of economic power and bringing about a more multi-polar world.

Though it must be conceded that the World Bank, the IMF and other global players have tried to influence and accelerate this development in China and India alike, trade liberalisation has been to a large extent a self-determined strategy for economic development and growth. From the 1980s, a consensus emerged in the political leaderships of both countries on promoting neoliberal policies, deregulation, privatisation, market opening, export production, trade liberalisation and integration in the world market.

This integration, the competitive advantages of China and India and the 'flying geese model' of investment moving quickly from one country to another have strongly affected global labour markets, as well as investment and trade in both the South and the North. Take textiles and clothing, a highly transnational and also highly gendered industry. While the first phase of offshoring in the 1970s led to the closure of textile industries in Europe and the retrenchment of millions of female workers, the recent shift of subcontracting to China has resulted in the deindustrialisation and defeminisation of the labour force in other export-oriented countries of the South. When in 2005 the expiry of the 30-year-old Multi-Fibre Arrangement (MFA) lifted all quotas on imports of textile and apparel products from countries of the South into the rich markets of the North, 25,000 jobs were lost in Cambodia and Sri Lanka alike, according to the International Textile, Garment and Leather Workers' Federation (ITGLWF). For the sake of maintaining competitiveness, in Bangladesh a 72-hour week was legalised.<sup>5</sup> With costs rising in China, transnational retailers are now shifting their orders from China to India or Vietnam, where labour is cheaper.

The emerging markets of China and India are of key interest for the EU. It is negotiating a bilateral *Free Trade Agreement* (FTA) with India and a *Partnership and Cooperation Agreement* (PCA) with China, which will update an earlier trade agreement. Under its trade policy adopted in 2006 – *Global Europe: Competing in the World* – the EU launched such bilateral FTAs and Economic Partnership Agreements in

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United Nations (2004), *Trade and Gender: Opportunities and Challenges for Developing Countries*, New York and Geneva.

<sup>5</sup> [www.maquilasolidarity.org](http://www.maquilasolidarity.org)

order to create access for European corporations to emerging markets by removing trade and non-trade barriers.<sup>6</sup>

In 2008, the multidimensional crisis – involving financial, food, energy and climate crises – halted the steady rise of Chinese and Indian growth rates and interrupted their economic success stories. The crisis testifies to the unsustainability of this development path and the high level of dependency that binds liberalised national economies to financial market speculation and volatility, global capital movements and world market prices. The crisis has slashed growth rates and brought about a significant slowdown of trade, imports and exports.

This is a historic moment at which to take stock and to disentangle the gender and trade linkages of the recent past. This paper analyses trade liberalisation in China and India as a gendered process. The main assumption is that gender and trade represent a two-way relationship, in the sense that gender – in particular the gender division of labour and the gendered control of resources – has an impact on trade, export orientation and investment, while trade liberalisation has a differentiated impact on women and men in terms of positive and negative effects. The paper flags the tension between increased integration of women into the labour market and new opportunities in global value chains on the one hand, and the persistence or new forms of gender inequality and injustice on the other. It does not attempt to draw a comprehensive picture of the economic and social changes experienced by women as a result of trade liberalisation. However, it does highlight a few sectors in emerging markets to explore the potential of trade liberalisation for overcoming discrimination against women, empowering them in a sustainable way and closing gender gaps. Thus it attempts to take a socially more differentiated look at the winners and losers of trade liberalisation.

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## 2. The Case of China

### 2.1 The Context: Gender Implications of Open Door Policies

In China, the liberalisation success story started in 1980 with the establishment of four *Special Economic Zones* (SEZs) in the Pearl River Delta and the granting of legal status to foreign investors. From 1984 onwards, China expanded its export production in SEZs and scaled up its industrialisation and technological development. To attract more investment, foreign companies were given tax concessions, freedom to import inputs and the right to retain foreign exchange.

Like in free trade zones in other countries of the global South, manufacturing of textiles and shoes, toys and electronics was the entry-point for export production and the initial vehicle for accessing foreign markets. And in common with elsewhere, in

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<sup>6</sup> Wichterich, Christa (2007), *Economic Growth with Social Justice. EU/India Trade Negotiations and Their Implications for Social Development and Gender Justice*, Brussels: WIDE; Wichterich, Christa (2008), *Fierce, Fair and Unfair Competition. The EU/China Trade Race and Its Gender Implications*, Brussels: WIDE.

those labour-intensive industries preference was given to women because of such stereotypical characteristics as 'nimble' fingers, docility and the ability to concentrate for long periods. Thus, export production started as female-based industrialisation and should be seen as a gender-segmented process.

The setting up of foreign investment-based SEZs and export-oriented industrialisation was one of the key mechanisms in the economic transformation of a state-planned and state-owned economy into a capitalist market economy. From the 1980s, state-owned enterprises were dismantled and state property privatised. This caused a massive gendered process of retrenchment and unemployment, previously unknown. Women, who had made up 40 per cent of the labour force in the *danweis* (work units), made up 60 per cent of those 'retrenched', now numbering 40 million. Often women were sent into early retirement, encouraged by slogans such as 'return to the home', and were given fewer opportunities for retraining or re-employment than men. But even if they did receive training, they were re-educated in readiness for so-called 'self-responsibility' and informal employment, and were trained in 'female' skills, such as domestic labour.

The ongoing collapse of state-owned enterprises and the public sector means, for retrenched workers, not only the loss of their jobs and (in any case small) incomes, but more importantly the loss of a complex system of social security and basic facilities – from housing to health provision – known as the 'iron rice bowl'. At the same time, it resulted in a reprivatisation of reproductive work (cooking, child care, health care, recreation, and so on), which had been integrated into the *danweis* in order to break up – together with the rigid population control – the traditional gender division of labour and the Confucian patriarchal gender relations. However, the developing market economy has not provided a substitute for the comprehensive social net, and most of the care work has been shifted back to the responsibility of private households and onto the shoulders of women.

In contrast to the Socialist era, in which equality was ostensibly a predominant principle of the economy and labour relations, the formation of new labour regimes – such as factories in SEZs, a huge construction sector, a fast-growing service sector (from financial services to employment in private households), IT parks and a broad variety of informal work – has led to the emergence of new social classes: migrant workers from the countryside, a new labour aristocracy – for example, workers in the foreign investment-backed car industries – a highly skilled elite in the IT sector, engineers, developers and researchers, managers and corporate executives, and a new class of private owners of companies, such as domestic and foreign investors. They are contributing to a recomposition of society.

At the same time, in contrast to the Socialist era in which gender equality – based on Mao's saying that 'whatever a comrade can do, a female comrade can do as well' – was declared a 'socialist achievement' and a leading principle in building a Communist society, gender differences have been re-emphasised during the transformation process. Tendencies of gender differentiation and renewed discrimination against women have emerged, alongside labour market segregation and hierarchical organisation according to a new valuation of work and the formation of new social classes.<sup>7</sup> In addition, after

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<sup>7</sup> Lau, Kin Chi/Liu, Meng/Zhang, Lixi (1999), 'Gender Discourse in China', in: ARENA, *Resurgent Patriarchies: Challenges for Women's Movements in Asia*, Hong Kong: ARENA Press, pp. 101–36.

the desexualisation of gender roles in the Mao era by means of a uniform dress code and hair style, a refeminisation of women's role in society, a resexualisation of gender roles and a kind of 'rediscovery' of femininity and masculinity have taken place.

### *Open Doors and WTO Accession*

The landmark event in China's trade liberalisation was its accession to the WTO in December 2001, after 15 years of negotiations. WTO accession was celebrated as recognising China as a global player on world markets. It gave another boost to foreign direct investment, merchandise trade and growth rates, and intensified the 'flying geese model' of capital and investment. China was on the receiving end of the rapid relocation of labour-intensive industries, mainly from other cheap-labour countries, as well as of capital-intensive industries from the North.

At the same time, China's WTO accession fostered two-pronged competition on world markets: a 'race to the bottom' and a 'race to the top'.<sup>8</sup> To remain competitive with other cheap-labour economies, China strives to maintain minimal production costs by keeping the wages for labour-intensive work low, externalising social and environmental costs and increasing productivity. Low-priced export goods and economies of scale contribute to a 'race to the bottom': stiff price competition on world markets.

At the same time, China wants to climb up the value chain. Its interest in importing technology and know-how lies in catching up with the technologically advanced economies in Asia, such as Japan and South Korea, and with the knowledge societies in the West. It wants to gain ground in higher market segments and to upgrade industries. This is made more difficult by the much-lamented product piracy and violation of intellectual property rights. Mounting investment in high-tech sectors is likely to lead to technological take-off, however.

Given the increased interconnectedness of national economies, the globalisation of capital and corporations, and transnational value chains, Chinese economic development has tremendous repercussions for other economies. As the current Chinese labour force of 800 million constitutes one third of the world's labour force, labour relations and wages prevailing in China translate into pressure on labour standards and wages in other countries, both cheap-labour countries and highly industrialized ones.

## **2.2 New Markets for 'Self-Responsible' Women**

Trade liberalisation, the integration of the Chinese economy into global production chains and China as 'world champion' in terms of foreign direct investment have contributed to its transformation into a capitalist market economy, in turn leading to new gender-differentiated changes in the economy and employment. With market mechanisms such as competition, growth and export orientation, imported

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<sup>8</sup> Guan, Xinping (2003), 'Globalization, Inequality and Social Policy: China on the Threshold of Entry into the WTO', in: Yang, Tuan (ed.) (2003), *Social Policy in China*, Beijing: Chinese Academy of Social Sciences, pp. 203–22; Chan, Anita (2003), 'A "Race to the Bottom". Globalisation and China's Labour Standards', in: *China Perspectives*, No. 46: 41–50.

commodities, foreign investors and joint ventures increasingly penetrating the economy, global economic patterns and tendencies are merging with local ones. This is particularly evident as regards certain labour market trends, including gender segmentation of employment and a gender wage gap.

In 2005, out of the 758 million people employed in rural and urban areas, 44.8 per cent were women, a higher percentage than in most Western countries. The rate of female economic activity – the percentage of women of productive age who are in paid work – stood at almost 70 per cent.<sup>9</sup> Out of the female labour force, 80 per cent worked in labour-intensive jobs and 60 per cent in agriculture.

While women's overall employment in cities is increasing, they are losing out in the formal labour market and gaining in services and informal employment where little or no social security is provided. The majority of the women workers, who experienced redundancy in the transition found new work, albeit mostly informal, 'self-employed' and low paying. Already in 2003, in urban areas 'irregular' employment accounted for more jobs than traditional formal employment.<sup>10</sup>

The gender wage gap proves that women are 'increasingly concentrating in the lower paid end of segmented labour markets'.<sup>11</sup>

Table 1 **Women's wages as a percentage of men's, China, 1990–2004 (%)**

	In urban areas	In rural areas
1990	77.4	64.4
1999	70	59.6
	Average	
2004	64	

Source: *Beijing Today* 17.9.04, UNDP (2007/8).

The informalisation of work is embedded in the neoliberal ideology of 'self-responsibility'. The All-China Women's Federation (ACWF) claims to make women aware that they can no longer rely on the Socialist Party or the state to take care of their well being, from the cradle to the grave. Under slogans such as 'Be self-empowering and self-reliant'<sup>12</sup> women are trained to strive for economic independence and small-scale entrepreneurship. The ideology of 'self-responsibility' educates them to attribute success or failure to themselves rather than to economic and social conditions.<sup>13</sup>

The ACWF applauds women who have the 'courage' to start their own small enterprise. Statistics claim that women entrepreneurs account for 20 per cent of all

<sup>9</sup> In 2005, the average rate of female economic activity stood at 56 per cent in the 27 EU countries. See: European Commission (2007), *Report on Equality between Women and Men*, Brussels.

<sup>10</sup> Ghose, Ajit K. (2005) 'Employment in China: Recent Trends and Future Challenges', ILO Employment Strategy Papers, Rome.

<sup>11</sup> Liu, Jieyu (2007), 'Gender Dynamics and Redundancy in Urban China', in: *Feminist Economics*, Vol. 13, Nos. 3 and 4 (July/October): 125–59; Chen, Lanyan (2008), *Gender and Chinese Development*, London/New York.

<sup>12</sup> Dai, Jinhua (2003), 'Class and Gender', ARENA, *China Reflected*, Hong Kong, pp. 138–52.

<sup>13</sup> Zhang, Naihua/Wu, Xu (1995), 'Discovering the Positive within the Negative: The Women's Movement in a Changing China', in: Basu, Amrita (ed.), *The Challenge of Local Feminisms. Women's Movements in Global Perspective*, New Delhi, pp. 25–58.

entrepreneurs, mostly in manufacturing, social services and wholesale and retail. The latter are most visible in the stores and stalls that line the streets of cities where women sell goods and services.

Highly skilled young women enjoy good opportunities to climb the corporate ladder and break through the glass ceiling to the top positions, in particular in joint ventures. One reason for this is that, compared to Western countries, women are increasingly acquiring qualifications in traditionally male jobs and obtaining employment in so-called male professions. According to the Chinese Federation of Female Entrepreneurs, women manage 40 per cent of private companies and head state-owned banks and companies. On the other hand, very much like their counterparts in the West, female graduates complain about recruitment discrimination. It reflects a global pattern of corporate hiring policies: even with better degrees than male students, young women face more problems in getting a job.<sup>14</sup>

The ever expanding service sector in particular offers new job opportunities to women – or women have created jobs in it for themselves. However, again they are mostly casual, precarious and based on 'self-employment'. According to official statistics, women are strongly represented in the health care, catering, tourism, education and financial service sectors, reconfirming gender stereotypes and gender market segmentation.

Although women perceive that compared to men they have low status in the workplace, it is extremely important for them to get a job so that they can contribute to the family income, thereby increasing their self-esteem and respect, as well as raising their bargaining power within the family.<sup>15</sup>

### *Women in the Social Security Economy*

The case of financial services<sup>16</sup> exemplifies ongoing and countervailing trends. While the state-owned banks are laying off hundred of thousands of employees all over the country, the private insurance sector is rapidly expanding, now employing one million sales agents who go from door to door. Western providers of financial services are keen to enter the highly protected Chinese market because until recently many products of financial and insurance services – from credit cards and car leasing facilities to mortgages and various forms of insurance – were not on offer in China. However, with the loss of the 'iron rice bowl', the savings rate among the new middle classes is high and people are keen to establish new forms of social security. Private insurance for children's education, as well as health and life insurance are very popular.

More women than men are engaged in insurance sales. Domestic and highly localised insurers recruit primarily laid-off female workers in their forties as sales agents

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<sup>14</sup> Employers fear losses of working time with young women workers, not only because of pregnancy and child birth (this could happen only once due to the one-child rule), but also because abortion is often the only available form of birth control in China as a result of which young married women not infrequently have several abortions per year.

<sup>15</sup> MacPhail, Fiona/Dong, Xiao/Yuan (2006), 'Women's Status in the Household in Rural China: Does Market Labor Matter?', in: Song, Shunfeng/Chen Aimin (eds.) (2006), *China's Rural Economy after WTO. Problems and Strategies*, Aldershot/Burlington, pp. 29–59.

<sup>16</sup> This paragraph is based on own research done on the insurance sector, in particular the domestic insurer Ping An and the joint venture Allianz-Dazhong in 2004 and on Chan, Cheris Shung-ching (2007), 'Honing the Desired Attitude: Ideological Work on Insurance Sales Agents', in: Lee, Ching Kwan (ed.), *Working in China. Ethnographies of Labor and Workplace Transformation*, London/New York, pp. 229–47.

because of their communications skills and credibility based on their 'housewife' appeal, which comes over well, particularly outside the big cities. Sales agents are categorised as 'self-employed', the upshot of which is that they are deprived of benefits such as pensions and medical insurance. They work part-time and on commission, and can subcontract agents to work under them. Young women and, in particular, young men tend to join joint ventures and foreign insurers, such as the high-profile German/Chinese joint venture Allianz-Dazhong.

The earnings of sales agents are below average. However, the insurance companies push the line that agents' incomes depend on how many working hours they put in, individual self-discipline and work motivation. Many women claim that they find it difficult to 'make money out of friends' pockets'. The training they receive in joint ventures is aimed at rationalising their sales techniques, using Western labour logic and marketing attitudes. However, because of the low earnings and psychological stress, turnover is high in insurance sales forces. The agents with the best sales performance are those who adjust to the new market discipline, work around the clock and have no qualms about aggressively exploiting personal relationships in financial transactions.

### *Women in the Beauty Sector*

Another gendered sector in which domestic and foreign tendencies are converging is the burgeoning beauty economy. In the 1990s, when gender differences were re-emphasized, new standards and images of femininity penetrated China, increasingly influenced by Western norms and models. A beauty industry was established, including hairdressers, fashion magazines, fitness parlours, plastic surgery, wedding planning and beauty contests. The beauty service sector is an expanding area for female employment – in particular self-employment – and attracts young women in particular. It employs an estimated 16 million and has become one of the most profitable and successful sectors.<sup>17</sup>

WTO accession led to the opening up of the cosmetics market, along with the spread of advertising and aggressive marketing. Imports of Western cosmetics grew rapidly, as did the advertising industry. Apart from Japanese cosmetics, Western products such as L'Oreal and Oil of Olay began to dominate the market. Transnational corporations from the West have strongly influenced the promotion of this new consumer culture and lifestyle, along with the shaping of new concepts of femininity and new gender regimes in the transition to a capitalist market order. Imitation of whiteness and Westernness is contributing to the transnationalisation of beauty and femininity, alongside the transnational expansion of the respective highly competitive markets. In their recruitment strategies, service companies openly discriminate against women on the grounds of age and appearance, and reinforce the commodification of beauty and new norms of femaleness in the employment market. In addition, ageism – discrimination based on age and on beauty norms – in the labour market is much more marked for women than for men, so in the formal sector women's employment rate

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<sup>17</sup> Hopkins, Barbara E. (2007), 'Western Cosmetics in the Gendered Development of Consumer Culture in China', in: *Feminist Economics*, Vol. 13, Nos. 3 and 4 (July/October): 287–307; Xu, Gary/Feiner, Susan (2007), Meinü Jingjijl 'China's Beauty Economy: Buying Looks, Shifting Values, and Changing Places', in: *Feminist Economics*, Vol. 13, Nos. 3 and 4 (July/October): 307–325.



falls rapidly after the age of forty. More and more middle class women are resorting to cosmetic surgery in order to improve their career chances and hide their age.

### *Women in the Care Economy in Private Households*

At the bottom end of value production, a particularly booming sector is – casual and precarious – employment in private households as a domestic worker, cleaner or child maid (*baomu*). While ‘servants’ were taboo in the Socialist era, women retrenched from state companies were even encouraged and trained by the ACWF to become domestic workers and to develop gender-specific skills and feminine behaviour. This form of informal and invisible employment – in particular of migrant and elderly women – in the private service sector has spread rapidly in the new urban consumer class: one third of urban private households employ a domestic worker, usually at meagre wages and with long working hours. Even these women workers in low-paid, precarious, completely unregulated and ‘non-decent’ employment are often deemed to be winners of globalisation and liberalisation because they are supposed to be benefiting from the trickledown effects of the rise of the new consumer class and the well-educated middle class women making careers in the new markets. Other women, from the urban class of the newly rich and super-rich, are proud of not needing to work at all. This is partly an ideological reaction to the work they were ‘forced’ to do by the state in the Socialist era. However, the new division of care work in private households indicates a new social stratification and growing disparities among women.

## **2.3 The World’s Assembly Line**

Soon after the start of the open-door policy, in export manufacturing young, docile and hard-working migrants from poor rural households – *dagongmei* (literally ‘working girls’) – became a comparative advantage, which attracted foreign investment. Investments in labour-intensive manufacturing and assembly have been the engine behind China’s integration into the world market. In 1993, 82 per cent of foreign investors listed cheap labour as the main incentive for investing in China, 56 per cent mentioned tax concessions and 50 per cent access to the Chinese market.<sup>18</sup> Women’s labour, particularly in clothing, textiles, shoes, toys and electronics, has contributed substantially to the amazingly high growth rates of 9 per cent per annum. It is these migrant women workers who have made China the ‘world’s assembly line’, playing a significant role in the global division of labour. In effect, it is discriminatory treatment of women in terms of low pay and high hidden costs – such as lack of workplace safety and social security – which has become a magnet for foreign investment and a guarantee of high profits. For the sake of growth and competitiveness, policymakers have neglected proactive anti-discrimination policies and the enforcement of labour laws.

Due to registration at their place of origin in the countryside – the *hukou* system<sup>19</sup> – the 150–200 million migrant workers face various forms of discrimination on the part of the administration and the police in urban areas and do not have access to either

<sup>18</sup> Asia Monitor Resource Center (AMRC) (1998), *We in the Zone, Women Workers in Asia’s Export Processing Zones*, Hong Kong, pp. 191–241.

<sup>19</sup> The *hukou* system involves registration at a person’s place of residence, which gives citizens the right to live, work and benefit from social security only at their original place of residence. It was established in 1958 to prevent rural–urban migration and progressively relaxed from 1984 onwards, but has not been abolished.

social services in the cities or the social security system at their workplace. Most of them do not have a labour contract. For about 15 years up until 2005 the wages of assembly line workers were not increased substantially, while living costs in the coastal cities skyrocketed. Often enough, women workers did not even receive the minimum wage of 570 yuan (ca. 50 euros) per month. Due to pressure on workers' productivity, long working hours, toxic materials and old machinery the risk of accidents and the level of occupational health hazards are extremely high.<sup>20</sup> Generally, low-paid assembly line work offers few opportunities for skill development and upgrading.

Workers are fined for mistakes and for giving 'wrong' answers to factory auditors. The piece rate system and overtime payments are not transparent to them. They are keen to do overtime because only such additional earnings enable them to send money to their families. Thus, low wages create a dependency on overtime. Although Chinese labour laws stipulate that overtime must be limited to a maximum of 36 hours per month, an average working day lasts 12 to 14 hours, seven days a week. Overtime work is a constituent of the just-in-time regime of product delivery. Just-in-time availability of workers is ensured by accommodation in crowded dormitories close to the factories, making the dormitories part and parcel of the authoritarian labour regime.<sup>21</sup> Job hopping is used as a counter strategy by workers in search of better pay and upgrading. However, after a few years of over-intensive labour, most migrant workers leave the factories, suffering from burn-out and health problems. Recently, many young migrant women have been keen to stay in urban areas and obtain urban registration (*hukou*) by marrying an urban man. To return to the countryside permanently would mostly mean a return to agricultural labour and rural poverty.

On the other hand, preference was given to male workers when in the 1990s capital- and technology-intensive industries (for example, automobile factories) and in the 2000s knowledge-based industries (for example, computer technology, research and development) were set up in the prosperous coastal strip in order to upgrade production.

Joint ventures aim at higher productivity and technological diffusion, increasing the demand for skilled labour. As gender is highly correlated with skills, women are segregated in less capital-intensive production, while men benefit more from jobs and higher wages for skilled labour. This has resulted in a new labour force composition, with the proportion of female workers in manufacturing decreasing from more than 80 to less than 70 per cent. At the same time, it has led to a marked increase in wage discrimination against women in low-skilled employment in export-oriented industries over the past decade.<sup>22</sup> In 2003, the wages of skilled labour had multiplied to more than 5,000 yuan (500 euros), while unskilled female migrant workers earned only 10 per cent of that in the SEZs.<sup>23</sup>

Joint ventures pay higher wages than state-owned and private domestic companies. However, the gender wage gap is largest in the most liberalised sector (enterprises with foreign investment) and smallest in the least liberalised sector (state-owned enterprises). Surveys carried out in companies with foreign investment, such as

<sup>20</sup> Lee, Ching Kwan (1998), *Gender and the South China Miracle: Two Worlds of Factory Women*, Berkeley; Chan, Anita (2001), *China's Workers under Assault. The Exploitation of Labour in a Globalizing Economy*, London.

<sup>21</sup> Pun, Ngai (2005), *Made in China. Women Factory Workers in a Global Workplace*, Durham.

<sup>22</sup> Braunstein, Elissa/Brenner, Mark (2007), 'Foreign Direct investment and Gendered Wages in Urban China', in: *Feminist Economics*, Vol. 13, Nos. 3 and 4 (July/October): 213–37.

<sup>23</sup> Wen, Dale (2005), *China Copes with Globalization*, a report by the International Forum on Globalization, San Francisco.

Nokia, revealed that working conditions in the factories were better than in local firms but the foreign owners also took advantage of lax law enforcement in China and violated Chinese labour law regarding overtime hours, social insurance and democratically elected trade unions.<sup>24</sup> Thus, industrial development in China disproves Jagdish Bhagwati's assumption that trade liberalisation and global competition would narrow the gender wage gap and pave the way for gender equality in the labour market.

### *Another Great Leap of Liberalisation*

The increased foreign direct investment and the expansion of export production – in particular of manufacturing – was carried out on the assumption that cheap, docile labour from the countryside would be available in abundance for at least another 20 years. However, since 2003 the sweatshop conditions, the meagre wages and the constant harassment of migrants by local police and administrations have caused 10 to 15 per cent of migrant labourers to remain in the countryside each year after the New Year's holiday. Thus, migrant workers have voted with their feet against the miserable quality of jobs and the indecent work and wages.

Moreover, local protests, acts of sabotage and strikes have increased considerably. Most are confined to a single factory and are a spontaneous reaction to accidents, delays in payments or the threat of lay-offs. The key demands are better pay, better working conditions and 'dignity' – in short: decent work. A new labour activism has emerged, distinct from the official trade union, the All China Federation of Trade Unions (ACFTU). This has increased the challenges facing ACFTU as regards its double identity as both state organisation and representative of workers' interests vis-à-vis employers.<sup>25</sup> However, there is no legal basis for freedom of association. Despite this, women workers have recently been at the forefront of workers' protests, for example, at Gold Peak factories. They have turned themselves from victims of cadmium poisoning into citizens claiming their right to safe working conditions and occupational health protection. They have crossed the boundary of silence and invisibility by publicising the scandal of health hazards and rights violations in the production of batteries for the world market. Cases such as this show that even under the most adverse conditions workers' consciousness of resistance and collective struggle can evolve.<sup>26</sup>

There was a range of reactions to these different forms of workers' protest. Though the priority of local and provincial administrations is still to attract investors in order to promote growth in the region, they have increased official minimum wages. The central government reacted to the protests by – for the first time – giving migrant workers access to the new social security system, with new guidance concerning corporate social responsibility and the introduction of a new labour contract law in 2008. This new law stresses written contracts, an open-ended contract after two fixed-term contracts and compensation in case of redundancy. It still does not ensure freedom to organise or a right to strike, however.

<sup>24</sup> Asia Monitor Resource Center (AMRC), 10.28.2007, <http://www.amrc.org.hk/node/1058>

<sup>25</sup> Taylor, Bill/Chang Kai/Li Qi (2003), *Industrial Relations in China*, Cheltenham/Massachusetts.

<sup>26</sup> Au, Loong-Yu/Nan Shan/Zhang Ping (2007), 'Women Migrant Workers under Chinese Social Apartheid', Bangkok; Chan, Chris (2008), 'Emerging Patterns of Workers' Protest in South China', paper prepared for the 13th International Conference 'Alternative Futures and Popular Protest', Manchester Metropolitan University, 17–19 March 2008; Chan, Jenny (2006), 'Chinese Women Workers Organize in the Export Zone', in: *New Labor Forum*, Vol. 15, No. 1 (spring): 19–27.

Companies complained vociferously about labour shortages, in particular of semi-skilled and skilled labour, and later about higher wages. They started to shift factories and investments from the coastal region to the hinterland, or back to other cheap-labour countries, such as Cambodia, Vietnam and India. In 2007, 10 to 20 per cent of the 70,000 shoe factories in the Pearl River Delta closed down. Most of the business went into poorer interior regions.<sup>27</sup> Going to the rural inland opens up new territory for labour-intensive export production. Once again, cheap female labour has been targeted as a competitive advantage, partly for labour-intensive production in textiles, garments and toys, and partly in the more capital- and technology-intensive manufacturing of mobile phones, TVs, PCs and household equipment.

In small towns and rural areas, labour is still abundant and docile – mostly young girls from villages – and production costs (wages, land, energy and water) are less than half of those in the Shanghai area or the Pearl River Delta. This means that a woman on an assembly line earns less than 400 yuan (around 35 euros) per month. This wage is below the UN poverty line of US\$1.25 per day.<sup>28</sup>

The strategies of foreign retailers determine the working conditions in factories and sweatshops in China. Orders are placed according to customer demand. If a product sells well, retailers place more orders – so-called ‘efficient consumer response’. The lead time is short and makes overtime, night shifts and subcontracting necessary. Retailers intensify the international race to the bottom in terms of prices by methods such as ‘online reverse auctions’, which allow bidders to underbid each other online.

A number of scandals involving harmful and toxic product ingredients, from toys to toothpaste, as well as the global crisis of 2008 showed the Chinese economy’s high degree of dependence on Western markets – in particular the US – and the unsustainability of growth, employment and production. When Mattel reduced its orders to Chinese manufacturers after the scandal about toxic and dangerous toys, the factories ran short of work and the workers were kept anxiously waiting without being told the reasons. When consumption slowed down in the US due to the financial crisis, resulting in fewer orders, thousands of factories closed down in the Pearl River Delta, leaving millions of workers jobless. In February 2009, the Ministry of Agriculture announced that probably 20 million migrant workers had lost their jobs during the financial crisis.

## 2.4 Agriculture and a ‘New Socialist Countryside’

Nearly 60 per cent of the Chinese population are still living in the countryside. The share of agriculture in employment is still 42 per cent, although its share of GDP has fallen to 11 per cent. Agriculture and life in the villages are affected by trade liberalisation in different ways: mounting imports of agricultural products, increase in export production and remittances from rural migrants to the cities. In many rural households up to 50 per

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<sup>27</sup> *The Economist*, 13 March 2008.

<sup>28</sup> Chan, Sarah/Gu Qingyang (2006), ‘Investment in China Migrates Inland’, in: *Far Eastern Economic Review*, Vol. 169, No. 4 (May): 52–56.

cent of annual monetary income is transferred from 'peasant workers': men from different age groups working mainly in construction, building skyscrapers in the new urban centres, the stadiums for the Olympics and infrastructure. Women, mostly young and unmarried, work mainly in export production or in domestic work in private urban households. Presently, women account for half of the migrant labour force. Their remittances help millions of rural households to survive at the subsistence level.

The abolition of the provincial tax and duty regime in 2004 – which earlier gave local officials an opportunity to overexploit the peasantry – and more subsidies for agricultural products led to a rapid growth in rural income, reaching a per capita average of 4,140 yuan (around 400 euros) in 2007. However, as urban incomes rose much more quickly, income inequality between rural and urban areas reached a high of 3.3:1, widening the gulf between city and countryside.

Since to begin with, it was predominantly men who migrated to the cities, the notion of a 'feminisation of agriculture' was introduced,<sup>29</sup> although women had always been the backbone of agriculture. Women are concentrated in crop production and poultry; men in fishery, forestry and agricultural services. In contrast to this gendered division of labour, land rights discriminate against women.

Imports of cheap agricultural products – such as subsidised cotton, wheat, soybean and cooking oil from the USA – resulted in an estimated loss of 720,000 jobs in the poorest regions of the country in 2005. After WTO accession, the producer price of sugar decreased by 35 per cent due to annual imports of 1.6 million tons of sugar. The sugar price on the world market is below the Chinese producer price because of the EU's high subsidies.<sup>30</sup> Since grains are increasingly imported and outcompete local land-intensive crop production, the traditional plots for grain are giving way to horticulture for export and greenhouses for vegetables and fruit, where most of the work is done by women. Labour-intensive production is the competitive advantage of Chinese agriculture, and women can benefit from new export opportunities as labourers and entrepreneurs.<sup>31</sup> However, the scandal around melamine-poisoned milk dealt a blow to agricultural exports and indicated that the unscrupulous race for quick profits can have adverse consequences.

The job losses in agriculture due to import liberalisation are much higher than the current job creation capacities in agriculture through export production. Therefore, in the countryside, local governments compete for investment, ready to intensify the race to the bottom and neglect legal regulations and social provisions. Officials confiscate farmers' land for such 'development projects', peasants are evicted and the land is lost for agricultural production. The dilemma is that sprawling industrialisation and urbanisation push up demand for food, while at the same time encroaching on arable land, increasing land and water shortages, and further marginalising agriculture. This constitutes a serious challenge to the declared political goals of self-sufficiency in food and of grain security.

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<sup>29</sup> UNDP/CICETE/NDRC/UNIFEM (2003), 'China's Accession to the WTO: Challenges for Women in the Agricultural and Industrial Sectors', Beijing.

<sup>30</sup> Oxfam (2003), 'Bitter Sugar', Oxfam Hong Kong Briefing Paper, Hong Kong.

<sup>31</sup> *Financial Times*, 9 December 2005; Hare, Denise/Yang, Li/Englander, Daniel (2007), 'Land Management in Rural China and Its Gender Implications', in: *Feminist Economics*, Vol. 13, Nos. 3 and 4: 35–63.

The government increased the minimum grain procurement price by 13 per cent in order to promote rural development. This will affect rural incomes positively, but the crisis will have a negative effect because there will be less migrant employment and remittances from urban areas to the countryside will diminish.<sup>32</sup>

## 2.5 Conclusions

The emergence of labour markets directed towards and influenced by trade, and the marketisation of gender differences, show that in China gender is playing a significant role in the emergence of new labour regimes and in the 'politics of making and unmaking classes'.<sup>33</sup> Trade liberalisation and investment benefit from re-emphasised gender differences, new gender-segmented labour markets and wage discrimination against women. Women constitute a competitive advantage as cheap labourers at the bottom of the global assembly line and as a labour reserve for implementing flexibilisation. They shoulder many of the hidden costs behind the economic 'miracle' growth and increases in corporate profits. Global patterns of discrimination against women converge with revitalised traditional stereotypes. Non-decent work – informal, low-paid and unprotected in terms of social security – has become the standard type of 'female' work. There is an appalling lack of living wages, income security, labour standards, social security and dignity. These deficits account for the high risk of women ending up in insecurity and even poverty when they get old.

At the same time, women are making use of the new job and income opportunities, and over the years have developed an awareness of rights and a sense of dignity as wage earners. Migrant women are depicted as pioneers who were able to leave the hardships of agriculture and rural poverty. Women entrepreneurs involved in trade are featured in magazines and have become the embodiment of the modern and globalised Chinese woman.

For the sake of growth, productivity and competitiveness, the former socialist goals of social equity and gender equality have been subordinated to market mechanisms and to the demands of foreign investors. In the context of transition to a market economy and trade liberalisation, the disparities between women – for example, rural women, migrant workers, domestic workers, high-skilled students, women in management positions and women who 'don't need to work' – are growing, not only in terms of income but also in terms of identity and subjective perceptions.<sup>34</sup> With regard to the overall status of women in society, although the breadwinner role of women may create respect and increase their decision-making power, the feminisation and resexualisation of women's roles and the open disregard for them at the bottom of global value chains are devaluating women anew.

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<sup>32</sup> World Bank Office, Beijing (2009), Quarterly Update, March 2009, [www.Worldbank.org/china](http://www.Worldbank.org/china)

<sup>33</sup> Lee, Ching Kwan (2005), *Livelihood Struggles and Market Reform. (Un)making Chinese Labour after State Socialism*, Geneva: UNRISD; Dai, Jinhua (2003), 'Class and Gender', in: ARENA, *China Reflected*, Hong Kong, pp. 138–52.

<sup>34</sup> Berik, Günseli/Dong, Xiao-Yuan/Summerfield, Gale (2007), 'China's Transition and Feminist Economics', in: *Feminist Economics*. Special Issue on Gender, China, and the World Trade Organization, Vol. 13, Nos. 3 and 4 (July/October): 1–35.

### 3. The Case of India

#### 3.1 The Context: Gender Implications of the Economic Reform

India's economic policies after independence pursued a mixed economy and import-substituting industrialisation. Rajiv Gandhi initiated the first liberalisation steps in the mid-1980s when he softened the 'licence Raj', the state regulation of the economy by means of licences. This licence regime was held to be responsible for the so-called 'Hindu rate of growth', averaging 3.5 per cent, which had characterised India's slow economic development since the 1950s.

The second phase of economic reform, in 1991, marked a radical shift in political and economic thinking. A severe macroeconomic crisis caused by the tripling of external debt to US\$69.3 billion, a rising fiscal deficit and a steep rise in oil prices due to the 1990 Gulf crisis led the Indian government to approach the World Bank and the International Monetary Fund for assistance and to undertake reforms. These reforms included fiscal consolidation and tax reforms, removal of controls on industrial investments and on imports, reduction of import tariffs, allowing market forces to play a major role in exchange rate movements and making the rupee convertible on current account. The specific feature of trade liberalisation in India was its specialisation in the service sector, namely export production in the information and communication sector. In 1995, India became a member of the newly founded World Trade Organisation (WTO).

The structural adjustment programme of the 1990s had ambivalent effects. It helped to overcome low growth rates so that – after the turn of the century – India witnessed a record average of 7.6 per cent growth per annum, peaking at 9.2 per cent in 2006/2007. However, high economic growth rates do not in themselves guarantee poverty elimination.

Even today, a quarter of the Indian population continues to live below the poverty line, half of all children are malnourished and only one woman in two can read and write. Public expenditure on social services has declined, leading to the deterioration – quantitative and qualitative – of public health and education, and to accelerated privatisation in these sectors. While progress in fighting poverty in India has been highly uneven over time and its magnitude hotly contested, inequality has undoubtedly grown. The disparities in human development indicators between rural and urban areas, between states, within communities and castes, and between women and men are still significant markers of Indian development.

With regard to employment, trade liberalisation proved to be a process of jobless growth: India lost jobs while growing at a brisk pace. In 2004, while the growth rate in manufacturing rose to 7 per cent, jobs in manufacturing declined by 3.1 per cent. The new jobs created in the IT and financial services sectors, and through business process outsourcing could not compensate for this loss. Any slowdown in outsourcing and

exports will dramatically increase the loss of jobs, reinforcing the overall trend in terms of which unemployment is India's biggest problem.<sup>35</sup>

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<sup>35</sup> *The Times of India* (28 August 2006).

The current United Progressive Alliance (UPA) government has embarked on a dual strategy of reducing poverty and improving the poor human development indicators. It is preoccupied with economic growth, in particular in the industrial and IT sectors, and assumes that there will be a trickle-down effect. It has initiated the so-called Common Minimum Programme, introducing anti-poverty schemes in policies and legislation such as the National Rural Employment Guarantee Act (NREGA). However, there are large gaps in the implementation of government schemes due to inefficient and corrupt administration.

In order to intensify trade liberalisation, give a massive push to exports and generate employment, in 2000 a new export-oriented policy was launched. This involved the establishment of Special Economic Zones as a kind of extraterritorial space with regard to domestic regulation, tariffs, duties and trade operations. Following the model of SEZs in China, the aim is to enhance domestic investment, attract foreign investment and promote export production as an engine for economic growth. State governments have already formally approved 234 of the more than 500 proposed SEZs for labour-intensive manufacturing, such as textiles, apparel, leather, footwear, gems, electronics and food parks; for ICT and software parks; and for capital-intensive industries, such as automobiles and chemicals. Operations have commenced in 63 notified SEZs.

The land requirement for these SEZs is – officially – around 41,700 hectares, much of it prime farmland. This opens up vast opportunities for real estate speculators, one of the reasons why setting up SEZs has become a highly contested issue all over the country. It faces protests and resistance from local farmers and fishery workers whose opposition is backed by a strong anti-SEZ movement from across society.<sup>36</sup>

Since reform policies and trade liberalisation have led to growth without jobs, the SEZs have been depicted as a panacea for unemployment. According to government forecasts, millions of jobs will be generated in manufacturing and services for rural youth, many of them for young women in labour-intensive manufacturing and food processing, in call centres and the IT sector.<sup>37</sup> However, many in the rural population, as well as scholars and activists suspect that employment generation for local people will be far less and certainly insufficient to compensate for the loss of livelihoods and land. Instead, skilled labour will be imported from the cities.

The following three case studies explore the ambiguous effects of trade liberalisation in different sectors on different groups of women in India: (i) IT as a modern growth sector that creates new opportunities for women; (ii) textile manufacturing as a growth sector that benefits from the informalisation of employment and low labour standards; and (iii) the traditional sector of agriculture, which is also subject to restructuring due to trade liberalisation.

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<sup>36</sup> For reports on resistance to SEZs see: [http://www.infochangeindia.org/IPRItop.jsp?recordno=4784&section\\_idv=23](http://www.infochangeindia.org/IPRItop.jsp?recordno=4784&section_idv=23)

<sup>37</sup> See: <http://sezindia.nic.in.HTMlS/about.htm>



### 3.2 The Globalised Office

BPO, or Business Process Outsourcing, has become a buzzword in India's liberalisation process. It is considered to represent an outstanding opportunity for economic development and women's empowerment. Offshoring of office work by Western firms to India has become a driving force in the spectacular rise of India's IT industry and is able to draw on a large supply of educated, English-speaking and 'affordable' workers from the urban middle classes. Young women are recruited right from college into formal skill-intensive employment in IT-enabled services (ITES), mainly software development and programming, data processing, accounting and other office work, and call centres. In these sectors women make up 35 per cent of the workforce overall, a higher figure than in Western countries. In call centres they account for more than half of the labour force, but programming is still male dominated and often only one fifth of employees are women.

The high prestige attached to the IT sector and the – by Indian standards – high salaries legitimise young Indian women's break with patriarchal structures and traditional gender roles. When these young women start work as programmers or as agents in a call centre, they earn from the first day of their career four times the salary their fathers bring home after 30 years of employment, for example, in a government office. This is the main reason why a growing segment of society has started to accept the idea of women working in this non-traditional sector, even though they have to break a key gender taboo. Since their work has to fit into the time zones of North America or Europe, the women have to work nightshifts, meaning they have to leave home at unusual hours. Many unmarried women IT workers live alone in the city. However, even those who are married or living with their family experience greater scope to enhance their agency, mobility, control over their earnings and social acceptance. Nevertheless, they face contradictory demands from their families and jobs, and constantly have to renegotiate their own dependence on parents and husbands, and the balance between work, marriage and family life.<sup>38</sup> Nevertheless, they tend to perceive the new situation as an increase in individual freedom in a male dominated society and despite continuing dependence on their family.

In lower middle class families the intergenerational differences in terms of education, income, gender roles and valuation of daughters are greater than in the upper middle classes. In lower income families, the contribution of IT workers to the family income is substantial, and in turn they are appreciated as breadwinners who improve the economic status of the household or help out in financial need.

All this is contributing to changes in the family system and gender relations. However, the extent to which stereotypes and patriarchal norms are being broken varies greatly. Some women IT workers are able to increase their decision-making power with regard to earned income, while others are not. Many call centre agents stop working when they get married, while most BPO office workers want to continue working. Most postpone marriage and want few or even no children, while young men wish to marry women who are well educated and working. After marriage, a wife's career is still considered to be secondary to that of her husband. For some the income-earning

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<sup>38</sup> Kelkar, Govind/Shrestra, Girija/Veena N. (2005), 'Women's Agency and the IT Industry in India', in: Ng, Cecilia/Mitter, Swasti (2005), *Gender and the Digital Economy. Perspectives from the Developing World*, New Delhi, pp. 110–32.

capacity of women substitutes a dowry, while others save money from their incomes for a dowry. This results in the absurd situation in which young high-skilled women workers use employment in and earnings from a modern sector which is supposed to empower women to maintain the dowry system which is a key institution in Indian society that downgrades and devalues women.

Though this sector opens up unique career opportunities for women, many complain about discrimination within companies in terms of appraisals and career opportunities. Only 10 per cent of the management of IT firms are female professionals.

In particular in call centres, agents are trained to meet Western standards, suppress their Indian accent and take on another identity, pretending to be US-American, Canadian, Australian or British. In contrast to software development, work in call centres is considered to be temporary and a stepping-stone to a more 'meaningful' career. The work of call centre agents is extremely stressful, monotonous and closely monitored. Due to nightshifts or work at unusual hours, work-life balance and social life are difficult to manage, and there is a risk of health hazards as the women work long hours and against the biological clock.<sup>39</sup>

This kind of ambivalence between empowerment and individual autonomy on the one hand, and persisting discrimination and exploitation of women on the other, characterises women's work in the IT sector. In addition, one has to look beneath the hype surrounding BPO and its gender dimension: only 0.3 per cent of urban women employees work in IT services.<sup>40</sup>

### 3.3 Food Not First

As in other countries, the meltdown of the agricultural sector has become an indicator of the modernisation and restructuring of the Indian economy. However, 70 per cent of the Indian population still live in the countryside, and agriculture is the mainstay for 60 per cent. It employs 53 per cent of all male workers and 75 per cent of all female workers. However, within 15 years its percentage of GDP fell from one third to 18.6 per cent in 2005. Public investment in agriculture as a proportion of GDP decreased. Commercialisation of agriculture encourages consolidation of land holdings, monocultures and the introduction of machinery, which reduces employment opportunities and displaces female labour first. Declining growth rates (only 2.7 per cent in 2006) and the fall in per capita output of grains have led to regional food insecurity and pockets of hunger.<sup>41</sup> Lately, production of agro fuels such as jatropha tends to further marginalise food production.

Moreover, in 2008 a new type of food crisis emerged. Futures trading in wheat, rice and pulses integrated food like any other commodity in the speculative mechanisms of the financial markets. This caused market manipulation and a price rise from which small farmers did not benefit at all, while the world's dominant grain traders recorded

<sup>39</sup> Singh, Preeti/Pandey, Anu (2005), 'Women in Call Centres', in: *Economic and Political Weekly* (12 February 2005); Ng, Cecilia/Mitter, Swasti (2005), 'Valuing Women's Voices: Call Center Workers in Malaysia and India', in: Ng, Cecilia/Mitter, Swasti (2005), *Gender and the Digital Economy. Perspectives from the Developing World*, New Delhi, pp. 132–59.

<sup>40</sup> Chandrasekhar, C.P./Gosh, Jayati (2007), 'Women Workers in Urban India', <http://www.macrosan.org/fet/feb07>

<sup>41</sup> Government of India, *Economic Survey 2004–2005*; Patnaik, Utsa (2004), 'Alternative Ways of Estimating Poverty and Implications for Policy, A Critical Appraisal of the Indian Experience', [www.networkideas.org](http://www.networkideas.org)

huge profit margins. This shows that agricultural development is no longer peasant-centred.

Agriculture is characterised by a strict gender division of labour, with women performing the most monotonous, repetitive, backbreaking and low-paying tasks. Fifty million women work as underpaid landless labourers, while 40 million work unpaid on small poor-quality family plots for subsistence and local markets. One effect of agricultural liberalisation is to undermine traditional agriculture by the introduction of genetically modified seeds and industrial fertilizer, pesticides and other inputs, which push up production costs. High prices for agrochemical inputs and low prices for agricultural products have driven small farmers into a cycle of debt, impoverishment and food scarcity. The debt crisis at the micro level has forced small-scale peasant farmers to sell their land, become casual labourers or migrate to the cities. In the cash crop sector, however – particularly cotton and groundnuts – this debt and livelihood crisis has manifested itself in thousands of farmers committing suicide in recent years.

Commercialisation and trade liberalisation are increasingly leading to the depletion of common land, which was used by women for fuel, fodder, water, oil seeds and fruit, as well as roots and herbs for nutritional and medical purposes. Furthermore, local biodiversity has been eroded; the high-yielding varieties promoted by the government and multinational seed companies have marginalised traditional varieties and have caused local species and indigenous knowledge to disappear. Earlier, women were the custodians of seeds, and the exchange or sale of seeds and resowing were common practice in the traditional farming system. While in the 1960s up to 80 different varieties of millet, grain, pulses and lentils were used by individual farmers, today only 20 to 25 remain, leaving small farmers once again with fewer resources to ensure food sovereignty. Biopiracy and patenting of genetic resources and agricultural knowledge by companies, as happened in the case of the neem tree and basmati rice, further deprive local farmers of traditional livelihood resources, in particular women, who are already suffering from resource poverty. While patents extend legal recognition to corporate rights, they undermine the protection of community-based property rights to knowledge and its use. Permitting patents on seeds and life forms will result in another price hike for seeds and agrochemical inputs, while restricting the use of community-owned seeds.<sup>42</sup>

In the wake of the economic reforms, agricultural exports overall – despite considerable fluctuations – increased, in particular of rice, marine products, fruit and vegetables, and processed food. However, tea and coffee exports experienced a sharp decline due to other competitive producers on the world market. Accordingly, employment in plantations went down and in particular many women plantation workers lost their jobs.

Even small farmers engage in export production on a contract basis. Contract farming, which concentrates on the cultivation of vegetables, fruit, flowers and organic food is predominantly a female domain because of its labour intensity. At the expense of food production to ensure local food security, natural resources are diverted towards export production; meaning soil fertility and water are exported with the agricultural products.

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<sup>42</sup> UNIFEM/GATI (2006), *WTO and Gender Concerns in South Asia*, New Delhi.

India is especially keen to export processed food and frozen fishery products. However, this does little to open up export opportunities for small-scale producers such as women farmers and women fish vendors. Large exporters outbid small producers because they find it difficult to meet sanitary and phytosanitary standards attendant on agricultural exports to the EU. Thus EU requirements and certification processes work in favour of big farmers and agricultural companies, and to the disadvantage of small farmers.

Employment and wages have increased in food and beverage processing, where young unmarried women constitute 27.3 per cent of the labour force. When it comes to the mode of employment gap between workers, women make up over half of part-time workers, but only 21.9 per cent of full-timers. Women employed on a casual basis earn only 58 per cent of male wages.<sup>43</sup>

In the fishery sector, which provides employment to 11 million people, women are involved in processing the catch at cottage-industry level or as wage labourers in processing, and in trading. While men are engaged in fishing, and the production and repair of boats and nets, they constitute only 10 per cent of the workforce in marine product processing. Depending on the catch, women are employed on a casual basis, causing them a lot of uncertainty. The peeling of shrimps, one of the main activities done by women, is subcontracted, paid at a piece rate and carried out under poor conditions. Normally, overtime is not paid. Long working hours in the large chilled processing units with chlorinated water puts women's health at high risk and causes a range of problems, from pneumonia to frostbite. Therefore the income women gain and the opportunities they receive to improve their living standards mask high hidden costs in terms of poor health.

Additionally, the fishery sector will be at risk from the stiff competition posed by imports of marine products from the EU and other countries in the near future due to the forthcoming Free Trade Agreements and further trade liberalisation. This will put more competitive pressure on fisher folk, women fish traders and women workers in fish processing. There is a wealth of evidence that this will result in further informalisation of employment and downward pressure on wages, as well as jeopardising the livelihoods of local fisher folk, women fish vendors and workers in marine product processing. Only the 'big fish' will survive.

The same holds true for the highly fragmented food and grocery retail sector. While earlier on, with the help of trade union organisations such as the Self-Employed Women's Organisation (SEWA), female small traders and street vendors were able, with a struggle, to secure space in urban areas and obtain a licence to sell and set up small stalls, recently pavements and other urban spaces were 'cleaned up' and small traders evicted to make way for supermarkets and hypermarkets, retail chains and malls. Small shop owners, street vendors and hawkers face direct competition from corporate retailers, both domestic and foreign, who have political support for the restructuring of the whole retail sector. This sector is currently highly contested in India, with a lot of resistance from petty traders and women sellers against the establishment of supermarkets and retail chains. In May 2007, vegetable sellers attacked newly opened

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<sup>43</sup> Centre for Social Research, India (2004), 'Gender and Trade: Impact of Globalisation on Women Workers in the Textile and Food Processing Industries in India', in: Jha, Veena/UNIFEM/UNCTAD (eds), *Trade, Globalisation and Gender. Evidence from South Asia*, New Delhi, pp. 153–228.

stores of the large food retailer Reliance, which recently opened 100 large food stores and plans more hypermarkets. India FDI Watch Campaign and hawker's unions held massive protests against Wal Mart's 'backdoor' entry into India through a joint venture with Sunil Bharti Mittal. Recently Metro, Germany's largest retailer, and its cash-and-carry model have come under attack. The campaign opposes not only the 'mall culture' but the amendment to the Food Safety Bill, both of which are blamed for uprooting small retailers and food hawkers in the name of safety, a requirement imposed by the EU. Tesco from Britain and Carrefour from France are only waiting for a change in investment laws to enter the Indian market. While middle class consumers are mad about foreign retailers and supermarkets, petty traders – among them many women – are struggling to avoid being squeezed out of the market. It's a struggle for survival.

### 3.4 Rapid Responses: Textiles Are Not the 'Silk Road'

The bulk of India's export garments come from small factories, sweatshops and other small establishments, from unorganised and even home-based work<sup>44</sup> in Tirupur, a town in Tamil Nadu, and from Mumbai and Delhi. The informal economy has been incorporated into transnational production chains. In contrast to other cheap labour countries, the existing EPZs (Export Production Zones) account for only 4 per cent of exports. So far, both export sectors have grown without a significant presence of foreign direct investment and global buyers, meaning that the Indian garment export industry has not been subject to 'Walmartisation' (Hirway 2008: 6).<sup>45</sup> There is a huge gap in terms of labour intensity, capital intensity, productivity and wages between the two sectors. Ninety seven per cent of women workers in the textile and garment sector in India work in the labour-intensive unorganised sector, with low productivity and low wages.

In response to increased competition after the expiry of the quota system ensured by the Multi-Fibre Agreement in 2005, there are countervailing trends which are widening the gap between the two export sectors: on the one hand, more flexibilisation through subcontracting and outsourcing into casual and contract work is taking place and employment is increasing. This encourages a race to the bottom so that the objective of integrating women into this sector 'has been precisely to lower overall wages', costs, and environmental and labour standards (Mazumbar 2004: 123).<sup>46</sup> Feminisation is a strategy to ensure labour market flexibility and low wage costs for the employer.<sup>47</sup> This holds true for the high share of children involved in sweatshops and home-based work, for example, in embroidery. Children's wages are normally half those of women. Home-based work guarantees the most docile, hard working and low-paid labour. The shift to home-based work for the global supply chain is used as a strategy for cost reduction. However, even in large factories workers are employed by a contractor, not by the manufacturing firm itself in order to avoid a direct legal relationship and payment of benefits. Flexible employment practices can provide a 'rapid response' to orders from foreign retailers. On the other hand, the size of production units has increased, and they

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<sup>44</sup> In India, the 'unorganised' sector is defined by a labour force of fewer than ten workers in an enterprise (or fewer than 20 workers in case no electricity is used in the enterprise). Statutory labour laws and social security do not cover these employees.

<sup>45</sup> Hirway, Indira (2008), 'Trade and Gender Inequalities in the Labour Market: The Case of the Textile and Garment Industry in India', paper prepared for the international seminar 'Moving towards Gender Sensitisation of Trade Policy', organised by UNCTAD, New Delhi, 25–27 February 2008.

<sup>46</sup> Mazumdar, Indrani (2004), 'Impact of Globalisation on Women Workers in Garment Exports. The Indian Experience', in: Jha, Veena/UNIFEM/UNCTAD (eds), *Trade, Globalisation and Gender Evidence from South Asia*, New Delhi, pp. 91–153.

<sup>47</sup> Neetha N./Varma, Uday Kumar (2004), 'Labour Employment and Gender Issues in EPZs. The Case of Noida Export Processing Zone', V.V.Giri National Labour Institute, NOIDA.

are being equipped with more sophisticated machinery in order to take advantage of economies of scale and the shift to higher value-added products. Ownership is becoming more concentrated and the number of exporters has declined. This mode of manufacturing requires skilled labour and women are less likely to benefit from the new jobs generated by the forthcoming SEZs.

Segregation between women and men workers in the industrial sector is on the increase, with informalisation and feminisation of employment going hand in hand. Women's employment is growing faster than men's, but women are crowded at the low end in informal work and low-skilled operations, with low productivity and low wages. The gender wage gap is increasing, mainly due to the different ways in which women and men are employed in the sector. The more casualisation and home-based work, the higher the share of women in employment – for example, in Tamil Nadu – and the wider the gender wage gap.

Remarkably, unlike the global trend towards the feminisation of employment – with up to 90 per cent of women in labour-intensive export industries (for example, in Bangladesh) – the average share of women workers in EPZs in India has never been particularly high and even declined in the 1990s, from 48 per cent to 36 per cent. One reason for this is that traditionally in India skilled tailoring and stitching are male professions; another is that the organised textile sector is highly capital-intensive.

While it seems to be more difficult to break gender stereotypes in North India – in some factories in Delhi women account for only 15 per cent of workers – in South India women comprise up to three quarters of the labour force. Interviews with migrant-worker couples in Noida near Delhi revealed that they concealed from their relatives in the countryside that the wife does factory work. While both husband and wife welcome the job opportunities for women, they have different views on women's employment: men recognise and enjoy the income earned by women and the greater purchasing power it gives them, while women are particularly happy about the non-economic gains in terms of self-esteem and social networking, and aspire to higher status in the family and the community, and more decision-making power. However, despite women's factory jobs the gender division of labour in the household has not changed, with women bearing the brunt of domestic work and putting in additional hours.<sup>48</sup>

Altogether this has resulted in a complex and fragmented network of production sites in the textile and apparel sector, which employs more than 40 million people and links rural and urban areas, and the formal and informal sectors. While there has been an overall increase of employment for women in the post-liberalisation period, the proportion of casual work compared to permanent employment has also increased. In general, wages for both women and men have risen, but there has been little improvement in women's working conditions and in wages for casual and home-based work.<sup>49</sup> However, women have no choice but to accept whatever odd jobs and low income they can get, facing highly volatile, hazardous, unregulated and exploitative working conditions. Government policies promoting export growth have not ensured that workers, especially women, reap the benefits.

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<sup>48</sup> Mukhopadhyay, Swapna (2003), 'Status of Women under Economic Reforms: The Indian Case', in: Mukhopadhyay, Swapna/Sudarshan/Ratna (eds), *Tracking Gender Equity under Economic Reforms. Continuity and Change in South Asia*, New Delhi, pp. 89–123.

<sup>49</sup> Centre for Social Research, India (2004), 'Gender and Trade: Impact of Globalisation on Women Workers in the Textile and Food Processing Industries in India', in: Jha, Veena/UNIFEM/UNCTAD (eds), *Trade, Globalisation and Gender Evidence from South Asia*, New Delhi, pp. 153–228.

On the contrary, in 2007 India's Minister of Economic Affairs, Kamal Nath, called the criticism of violations of labour rights akin to putting up 'technical barriers to trade'. The EU-based labour-related network Clean Clothes Campaign (CCC), together with Indian textile unions and NGOs alerted European consumers via the Internet to problems such as forced and unpaid overtime, beating and harassment of women workers and lack of work contracts in a jeans factory in Tamil Nadu. When the Indian company went to court and sued the CCC for 'defamation' and 'cyber crime'<sup>50</sup> Kamal Nath tried to hush up the incident as 'false' reporting on Indian industries, indicating a readiness to sacrifice women workers' rights to export growth.

### 3.5 Conclusions

Women are supposed to benefit from trade liberalisation, as well as from India's export and service orientation. However, to what extent are they really benefiting, and which Indian women in particular are benefiting in terms of employment, earnings and empowerment? Ninety three per cent of women work in the unorganised sector and only 17.5 per cent of employees in non-agricultural wage labour are women.<sup>51</sup> It is true that in urban areas female work participation rates have increased, but only to a meagre 16.6 per cent. There has been a significant increase in women's employment in the booming labour-intensive (and low-paid) manufacturing sectors of textiles, apparel and leather goods and in domestic services, which is notorious for poor pay and exploitative working conditions. Compared to these low-paid sectors the share of women working in modern and well-paid sectors is minimal: a mere 0.3 per cent of all urban women workers work in IT services and only 1.4 per cent in financial services. Considering the wage differences between traditional and modern economic sectors, the dynamics of women's employment participation explain why the average real wage of female workers has even fallen in the recent past and so has been disconnected from the outstanding aggregate growth rates.<sup>52</sup>

Ironically, while the rate of female literacy is going up and more women are acquiring a higher education and professional qualifications, employment is not increasing at the same pace. Due to downsizing in the public sector, women's share of public servants has decreased, falling from an already meagre 11 per cent in 1990 to 5.8 per cent in 2000. In the process of jobless growth, many of the gains in women's employment have been offset by losses.

The focus on the integration of women into paid labour should not conceal the fact that most of the work done by women in India – like everywhere – is non-market labour, considered as 'unproductive' and not included in economic statistics. Many of the women workers in garment sweatshops in Tamil Nadu still have to collect firewood and carry drinking water to their houses, which means that the global value chain rests on the unpaid traditional subsistence and care labour of these women workers. In rural India nearly 3 billion working days per year are spent in gathering fuel and 700 million

<sup>50</sup> [www.cleanclothes.org](http://www.cleanclothes.org), <http://www.fidh.org/spip.php?article4860>

<sup>51</sup> Office of the Registrar General, India (2001), *Census of India 2001*; Social Watch Report (2006), *A Citizens' Global Progress Report on Poverty Eradication and Gender Equity*, Montevideo.

<sup>52</sup> Employment statistics are based on employers' records and do not include outsourced home-based work and a lot of informal work done by women. See: Chandrasekhar, C.P./ Gosh, Jayati (2007), *Women Workers in Urban India*, [http://www.macroscan.org/fet/feb07/print/prnto60207Women\\_Workers.htm](http://www.macroscan.org/fet/feb07/print/prnto60207Women_Workers.htm)

days in processing them – that is, chopping, storing and handling – work almost exclusively done by women.<sup>53</sup>

However, in the Indian context it is obvious that entering the labour market as a public sphere, having gainful employment and earning one's 'own' money increase the visibility and recognition of women. Employment tends to be in the vanguard of social change and has a high potential for empowering women. At the same time, there is no automatic link between women's integration into the labour market and reducing gender inequality or changes in the supremacy of the male gender in Indian society. While many changes have taken place in young women's lives and aspirations, there have been few substantial changes in the perceptions and attitudes of men. In most cases the division of labour within the household is remarkably resistant to change. Some women have gained in terms of respect, mobility and decision-making power in the family and so can break individually with some constituents of the established gender hierarchy, such as the dowry system. Others use the money they earn effectively to reproduce the patriarchal gender regime, for example, through the dowry system, which subordinates women. Thus only in small sections of society has the trade–gender link led to some institutional changes in Indian patriarchy.

Despite some targeted anti-poverty programmes and new legislation to protect unorganised labour, the Indian government has not used growth and rising wealth to increase investment in public services to improve poor people's – and in particular women's – access to basic services and social security. Social and fiscal policies have failed to prevent further growth of social inequality and distributional injustice. At the same time, the government is in the process of negotiating 27 bilateral free trade agreements based on a foreign trade policy geared towards export-led growth, clearly ready once again to pass on the hidden costs to the weakest economic actors at the bottom of the global value chain and to give preference to corporate and investors' rights over the rights of women, who are still struggling for both survival and empowerment.

#### **4. Summary: Global Patterns, Local Practices**

With regard to gender, the starting point for trade liberalisation was quite different in China and India. While Socialist China achieved some gender equality in the workplace in terms of a high participation rate, low gender segregation and a small wage gap, in India gender differences and the gender division of labour have always strongly characterised the economy and the labour market. In China, the transformation to a capitalist market economy and the emergence of trade-induced labour markets have 'rediscovered' and re-emphasised gender differences and systemic discrimination against women. Informal work, the absence of a social security net and unemployment are as much new features of the Chinese economy as the individual freedom to choose a profession or a job or to start one's own business. Gender gaps in the acquisition of skills, wages and economic power have been dramatically reinforced and enlarged. Hence in China, gender differences have been re-established in the context of trade liberalisation, while in India the main question is whether the economic changes and

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<sup>53</sup> Parikh, Jyoti et al. (2003), 'Toll on Human Resources due to Lack of Energy, Water, Sanitation and Their Health Impacts in Rural North India', in: *Bowling Point*, No. 49: 23–26.



new job opportunities brought about by trade liberalisation will narrow the deeply entrenched gender gaps. The Indian economy is characterised by the magnitude of informal unorganised and unprotected labour, and informal work has never provided any form of social security, for example, pensions. Trade liberalisation has exploited this pre-existing form of labour and pre-existing forms of discrimination against women to flexibilise employment and keeps production costs low.

In the wake of economic transformation and trade liberalisation, some patterns of gender inequality and discrimination against women in the labour market occur in both the Chinese and the Indian economies:

- Informalisation and 'precarisation' of employment, as well as self-employment and one-woman entrepreneurship;
- Feminised labour-intensive export production in manufacturing, agriculture and services;
- A gender gap in wages and social security, in particular pensions; and
- a feminised care network of paid and unpaid work.<sup>54</sup>

These patterns of gendered labour can be found within the framework of neoliberal restructuring of economies all over the world. The cases of China and India show how these patterns merge with tendencies in national economies and local socio-cultural conditions, and vary accordingly.

Economic development and trade take advantage of the skilled and unskilled labour of women and benefit from their discrimination in the market. Women's work, gender wage differentials and gendered market segmentation contribute directly to China's and India's competitiveness in global markets, and generate growth and wealth. But are growth and wealth redistributed to women?

Trade liberalisation, foreign investment and export production create new jobs for women and new opportunities for empowerment. Women are making use of this and benefiting from it. However, against the common focus on the quantity of jobs created by the export- and investment-oriented development path, feminist critiques question the quality of these jobs and the sustainability of employment. It is evident that the integration of women into global value chains and the international division of labour is creating new classes and enlarging social disparities among women: the majority are 'working poor', but there are also an elite of high-skilled well-paid professionals, consumerist middle classes and a class of super-rich entrepreneurs who top the list of the richest people in the world.

In China the gender wage gap is widening, while in India at the very least it is not narrowing. Thus the redistribution of wealth in terms of earnings and empowerment is highly uneven, leaving a majority on the fringes of survival and poverty. In addition, in a number of sectors women are suffering from the erosion of their livelihoods or expropriation of their resources due to commodity imports or foreign corporations entering Chinese and Indian markets. Furthermore, the present global crisis shows that export production, due to its dependence on foreign markets, is highly volatile, with

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<sup>54</sup> Jin, Yihong (2002), *Entry into the World Trade Organization and Women's Employment: Impact and Countermeasures*, Beijing: NMLA/GTZ.

women workers at the bottom end of the value chain being the weakest actors and once again losing out.

Nevertheless, female professionals export entrepreneurs, managers and brokers, and even women workers on neat and clean assembly lines are featured in magazines. In both Chinese and Indian culture they are depicted as the embodiment of modernity and social change, and as winners of trade liberalisation. Neoliberal development is creating its own new images of women and femininity.

Based on a neoliberal consensus and geared towards growth, the political leaderships in India and China are not safeguarding the social and economic rights of poor and vulnerable citizens, and are neglecting to design policies for the systemic redistribution of wealth and welfare. While social spending is decreasing, social services crumbling and livelihood guarantees for poor women breaking down, the newly created wealth is being concentrated in the hands of a happy few. Governments are allowing a redistribution of wealth from the bottom to the top. Hitherto, they have been willing to sacrifice gender equity and social equality, women's rights and workers' rights to national competitiveness in global markets and the rights of domestic and foreign investors.

Starting from different sets of economic, social and political conditions, development policies in China and in India have shared a common economic model, overemphasising growth over equitable distribution of the fruits of that growth. The neoliberal assumption that trade is necessarily a win-win game, and can provide a global remedy, narrowing gender gaps and promoting gender equality, has been proven wrong by reality.

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The views expressed in this publication are not necessarily the ones of the Friedrich-Ebert-Stiftung or of the organization for which the author works.

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