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

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## 1. Introduction: Gender and Trade

Trade liberalization is widely seen as a driving force behind economic growth and poverty reduction. Proponents of neoliberal economics<sup>1</sup> suggest that trade liberalization is a driving force for gender equality. They regard free markets as the best mechanism for 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 liberalization 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>2</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 liberalization. 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 labor (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 organizations, the World Bank and even the WTO to acknowledge their concerns about gender inequalities resulting from trade liberalization and trade policies. An UNCTAD gender analysis of the different WTO agreements concluded that gender differences continue to exist, and that women are more often affected by the negative effects of trade liberalization 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>3</sup> UNCTAD designed a kind of neoliberal formula for engendering trade, 'Make liberalization work for women', aimed at a more beneficial integration of women into global competition and trade, without questioning the trade liberalization agenda.

### *Focus on China and India*

From the 1980s, a consensus emerged in the political leaderships of China and India on promoting neoliberal policies, deregulation, privatization, market opening, export production, trade liberalization 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 labor markets. In 2008, the multidimensional crisis underline the vulnerability of emerging 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.

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.<sup>4</sup>

This paper analyses trade liberalization in China and India as a gendered process. The main as-

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1 World Bank (2006), *Gender Equality as Smart Economics. Gender Action Plan 2007–2010*, Washington, Bhagwati, Jagdish (2004), *In Defense of Globalization*, Oxford.

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

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

4 Under its trade policy adopted in 2006 – *Global Europe: Competing in the World* – the EU launched such bilateral FTAs and Economic Partnership Agreements in order to create access for European corporations to emerging markets by removing trade and non-trade barriers.

sumption is that gender and trade represent a two-way relationship, in the sense that gender – in particular the gender division of labor and the gendered control of resources – has an impact on trade, export orientation and investment, while trade liberalization 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 labor 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 highlight a few sectors in emerging markets to explore the potential of trade liberalization 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 liberalization.

## 2. The Case of China

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

In China, the liberalization success story started in 1980 with the establishment of four *Special Economic Zones* (SEZs). 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 those labor-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 industrialization and should be seen as a gender-segmented process.

The economic transformation of a state-planned and state-owned economy into a capitalist market economy caused a massive gendered process of retrenchment and unemployment. Often women were sent into early retirement, 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 labor.

The ongoing collapse of state-owned enterprises and the public sector means, for retrenched workers, not only the loss of their jobs and 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 reprivatization 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 labor 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.

The formation of new labor regimes – such as factories in SEZs, a vast construction sector, a fast-growing service sector, 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 labor aristocracy (e.g. workers in foreign investment-backed industries, the high-skill IT sector, and research and development) and a new class of private owners of companies. They are contributing to a recomposition of society. In addition, tendencies of gender differentiation and renewed discrimination against women have emerged, alongside labor market segregation and hierarchical organization according to a new valuation of work and the formation of new social classes.<sup>5</sup>

### Open Doors and WTO Accession

The landmark event in China's trade liberalization was its accession to the WTO in December 2001. China was on the receiving end of the rapid relocation of labor-intensive industries, mainly from other cheap-labor 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>6</sup> To remain competitive with other cheap-labor economies, China strives to maintain minimal production costs by keeping the wages for labor-intensive work low, externalizing social

5 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.

6 Guan, Xiping (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.

and environmental costs and increasing productivity. 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 and knowledge societies in Asia and Europe.

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

The integration of China into the world market merges global economic patterns and tendencies with local ones – particularly evident as regards certain labor 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>7</sup> While women's overall employment in cities is increasing, they are losing out in the formal labor 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>8</sup> The gender wage gap proves that women are 'increasingly concentrating in the lower paid end of segmented labor markets'.<sup>9</sup>

Under slogans such as 'Be self-empowering and self-reliant' women are increasingly 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.

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. Compared to West-

ern 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, female graduates complain about recruitment discrimination.

The ever expanding service sector in particular offers new job opportunities to women. 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, reaffirming gender stereotypes and gender market segmentation.

#### *Women in the Private Insurance Sector*

The new financial services sector exemplifies ongoing trends. The private insurance sector is rapidly expanding, now employing one million sales agents who go from door to door. Layed-off female workers in their forties are most recruited because of their communications skills and credibility based on their 'housewife' appeal and are categorised as 'self-employed', which deprives them of benefits such as pensions and medical insurance while the earnings of sales agents are nevertheless below average. 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. 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 sectors.

WTO accession led to the opening up of the cosmetics market. Imports of Western cosmetics grew rapidly, as did the advertising industry, and began to dominate the market. Transnational corporations from the West have strongly influenced the promotion of this new consumer cul-

7 Compared to 56% in the 27 EU countries. See: European Commission (2007), Report on Equality between Women and Men, Brussels, 2005.

8 Ghose, Ajit K. (2005) 'Employment in China: Recent Trends and Future Challenges', ILO Employment Strategy Papers, Rome.

9 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.

ture and lifestyle, along with the shaping of new concepts of femininity. 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 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 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 All-China Women's Federation (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 meager 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 globalization and liberalization 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.

#### **The World's Assembly Line**

Soon after the start of the open-door policy, young hard-working migrants from poor rural households ("*dagongmei*", literally 'working girls') – became a comparative advantage, which attracted foreign investment. Women's labor has contributed substantially to the amazingly high growth rates. 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 com-

petitiveness, policymakers have neglected proactive anti-discrimination policies and the enforcement of labor laws.

Due to registration at their place of origin in the countryside (the *hukou* system<sup>10</sup>), the 150–200 million migrant workers face various forms of discrimination on the part of the administration and the police and do not have access to either social services in the cities or the social security system at their workplace. Most of them do not have a labor 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. Generally, low-paid assembly line work offers few opportunities for skill development and upgrading. Moreover, after a few years of over-intensive labor, 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 labor and rural poverty.

On the other hand, preference was given to male workers when in the 1990s capital- and technology-intensive industries and in the 2000s knowledge-based industries 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 labor. 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 labor. This has resulted in a new labor 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 ex-

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<sup>10</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.

port-oriented industries over the past decade.<sup>11</sup> In 2003, the wages of skilled labor 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>12</sup> Joint ventures pay higher wages than state-owned and private domestic companies. However, the gender wage gap is largest in the most liberalized sector (enterprises with foreign investment) and smallest in the least liberalized sector (state-owned enterprises). Surveys carried out in companies with foreign investment 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>13</sup> In sum, 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 Liberalization*

The increased foreign direct investment and the expansion of export production was carried out on the assumption that cheap labor from the countryside would be available in abundance for at least another 20 years. However, since 2003 the sweatshop conditions, the meager wages and the constant harassment of migrants by local police and administrations have caused 10 to 15 per cent of migrant laborers 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 labor activism has emerged, distinct from the official trade union system. However, there is no legal basis for freedom of association. Despite this, women work-

ers have recently been at the forefront of workers' protests.

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 labor contract law in 2008. However, it still does not ensure freedom to organize or a right to strike.

Companies complained vociferously about labor shortages, in particular of semi-skilled and skilled labor, and later about higher wages. They started to shift factories and investments from the coastal region to the hinterland, or back to other cheap-labor countries, such as Cambodia, Vietnam and India. In small towns and rural areas, labor is still abundant and docile – mostly young girls from villages – and production costs 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>14</sup>

#### **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 42 per cent, although its share of GDP has fallen to 11 per cent. Agriculture and life in the villages are affected by trade liberalization 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 cent of annual monetary income is transferred from 'peasant workers': men from different age groups working mainly in urban construction. Presently, women account for half of the migrant labor 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 and more subsidies for agricultural

11 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.

12 Wen, Dale (2005), *China Copes with Globalization*, a report by the International Forum on Globalization, San Francisco.

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

14 Chan, Sarah/Gu Qingyang (2006), 'Investment in China Migrates Inland', in: *Far Eastern Economic Review*, Vol. 169, No. 4 (May): 52–56.

products led to a rapid growth in rural income. However, as urban incomes rose much more quickly, income inequality between rural and urban areas increased nevertheless. As it was predominantly men who migrated to the cities, the notion of a 'feminization of agriculture' was introduced,<sup>15</sup> although women had always been the backbone of agriculture. Labor-intensive production is the competitive advantage of Chinese agriculture, and women can benefit from new export opportunities as laborers and entrepreneurs. However, the job losses in agriculture due to import liberalization 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.

### Conclusions

The emergence of labor markets directed towards and influenced by trade, and the marketization of gender differences, show that in China gender is playing a significant role in the emergence of new labor regimes. Trade liberalization and investment benefit from re-emphasized gender differences, new gender-segmented labor markets and wage discrimination against women. Women constitute a competitive advantage as cheap laborers at the bottom of the global assembly line. 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 revitalized traditional stereotypes. Non-decent work – informal, low-paid and unprotected in terms of social security – has become the standard type of 'female' work.

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 have become the embodiment of the modern and globalized 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 de-

mands of foreign investors. In the context of transition to a market economy and trade liberalization, the disparities between women are growing, not only in terms of income but also in terms of identity and subjective perceptions. 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 feminization and resexualization of women's roles and the open disregard for them at the bottom of global value chains are devaluing women anew.

### 3. The Case of India

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

The specific feature of trade liberalization in India was its specialization in the service sector, namely export production in the information and communication sector. India witnessed a record average of 7.6 per cent growth per annum. 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. Public expenditure on social services has declined, leading to the deterioration of public health and education, and to accelerated privatization in these sectors. With regard to employment, trade liberalization proved to be a process of jobless growth: India lost jobs while growing at a brisk pace. 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.

The current 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 trickledown effect. There are large gaps in the implementation of government anti-poverty schemes due to inefficient and corrupt administration. In order to intensify trade liberalization, give a massive push to exports and generate employment, a new export-oriented policy was launched in 2000, involving the establishment of Special Economic Zones. Since reform policies and trade liberalization have led to growth without jobs, the SEZs have been depicted as a panacea for unemployment. However, many in the rural population, as well as scholars and activists suspect that employment generation for local people will be far less and

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

certainly insufficient to compensate for the loss of livelihoods and land. Instead, skilled labor will be imported from the cities.

### The Globalized Office

Business Process Outsourcing, has become a buzzword in India's liberalization 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. In these sectors women make up 35 per cent of the workforce overall, a higher figure than in Western countries. In call centers they account for more than half of the labor force, but programming is still male dominated.

The high prestige attached to the IT sector and the high salaries legitimize 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. 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. 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. 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. 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 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.

Although 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 addition, one has to look beneath the hype: only 0.3 per cent of urban women employees work in IT services.<sup>16</sup>

### Food Not First

Even if the share of agriculture of GDP fell within 15 years from one third to 18.6 per cent in 2005, it still employs 53 per cent of all male workers and 75 per cent of all female workers. One effect of agricultural liberalization 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 laborers 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.

Commercialization and trade liberalization are increasingly leading to the depletion of common land. 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.

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. Small producers are outbid by large exporters 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 favor 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 labor 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

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



cent of full-timers. Women employed on a casual basis earn only 58 per cent of male wages.<sup>17</sup>

### **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 unorganized and even home-based work. The informal economy has been incorporated into transnational production chains. So far, 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 'Walmartization'. Ninety seven per cent of women workers in the textile and garment sector in India work in the labor-intensive unorganized 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 informal and formal export sectors: on the one hand, more flexibilization 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 labor standards.<sup>18</sup> Feminisation is a strategy to ensure labour market flexibility and low wage costs for the employer. 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 are being equipped with more sophisticated machinery in order to take advantage of economies of scale and the shift to higher value-added products. This mode of manufacturing requires skilled labor 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 informalization and feminization 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.

Government policies promoting export growth have not ensured that workers, especially women, reap the benefits. On the contrary, in 2007 India's Minister of Economic Affairs, Kamal Nath, called the criticism of violations of labor rights akin to putting up 'technical barriers to trade'.

### **Conclusions**

Women are supposed to benefit from trade liberalization, as well as from India's export and service orientation. Ninety three per cent of women work in the unorganized sector and only 17.5 per cent of employees in non-agricultural wage labor are women.<sup>19</sup> It is true that in urban areas female work participation rates have increased, but only to a meager 16.6 per cent. There has been a significant increase in women's employment in the booming labor-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.

However, in the Indian context it is obvious that entering the labor 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 poten-

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17 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.

18 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.

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19 Social Watch Report (2006), A Citizens' Global Progress Report on Poverty Eradication and Gender Equity, Montevideo.

tial for empowering women. However, only in small sections of society has the trade–gender link led to some institutional changes in Indian patriarchy.

Despite some targeted anti-poverty programs and new legislation to protect unorganized labor, 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 and to give preference to corporate and investors’ rights over the rights of women.

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

With regard to gender, the starting point for trade liberalization 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 labor have always strongly characterized the economy and the labor market. In China, the transformation to a capitalist market economy and the emergence of trade-induced labor markets have ‘re-discovered’ and re-emphasized 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 liberalization, while in India the main question is whether the economic changes and new job opportunities brought about by trade liberalization will narrow the deeply entrenched gender gaps. The Indian economy is characterized by the magnitude of informal unorganized and unprotected labor, and informal work has never provided any form of social security. Trade liberalization has exploited this pre-existing form of labor and pre-existing forms of discrimination

against women to make employment more flexible and keep production costs low.

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

- informalization and ‘precarization’ of employment, as well as self-employment and one-woman entrepreneurship;
- feminized labor-intensive export production in manufacturing, agriculture and services;
- a gender gap in wages and social security, in particular pensions; and
- a feminized care network of paid and unpaid work.

Economic development and trade take advantage of the skilled and unskilled labor 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 liberalization, 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 labor 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. Further-

more, the present global crisis shows that export production, due to its dependence on foreign markets, is highly volatile, with women workers at the bottom end of the value chain being the weakest actors and once again losing out.

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, overemphasizing 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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