

GENDER & TRADE
IN CHINA AND INDIA

EMPLOYMENT & EMPOWERMENT

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1. Gender and Trade

Trade liberalisation is widely seen as driving force for economic growth, and poverty reduction. Additionally, proponents of the neoliberal economy such as the World Bank¹ and economists like Jagdish Bhagwati² suggest that trade liberalisation is a driving force for gender equality as well. They perceive free markets as best mechanisms for the allocation of resources, of wealth creation and distribution, and the narrowing of gender gaps. This is based on the assumption that trade produces growth, and growth will open up opportunities for better education, more jobs and income, more credit and space 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 of the restructuring of the Indian and Chinese economies and the accelerated integration into the world market, in particular women in export manufacturing, in the information and communication sector, and in the service sector.

However, all these assumptions are highly controversial. Keynesian economists like Nobel laureate Joseph Stiglitz and Dani Rodrick 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 adverse impact of an economy which is obsessed with permanent growth, and subordinates social concerns to the objective of competitiveness. Feminists stress that women's discrimination and gender gaps contribute significantly to the competitive advantage of economies.³

Opening of markets and trade liberalisation change national economies as gendered processes of production, reproduction and consumption. To date a whole body of research shows that trade policies, like any other economic policy, involve and impact men and women differently. This gender differential is informed by and based on the gender division of labour, in the market as well as in the household, on women's and

¹ World Bank (2006): Gender Equality as Smart Economics. Gender Action Plan 2007-2010, Washington

² Bhagwati, Jagdish (2004): In Defense of Globalization, Oxford

³ Seguino, Stephanie (2000): Gender inequality and economic growth: a cross-country analysis, in: *World Development* 28, 1211-30

men's different access to and control over resources such as assets, rights and time, and on cultural ascriptions of gender stereotypes and norms.

Feminist economists and gender activists succeeded to make UN organisations, the World Bank and even the WTO to acknowledge their concerns about gender inequalities due to trade liberalisation and trade policies. UNCTAD carried out a gender analysis of the different WTO agreements assessing whether trade liberalisation promotes gender equality or reproduces gender differences. UNCTAD concluded that gender differences continue to exist, and that women are more often affected by negative impacts of trade liberalisation than men. At the same time, free trade provides new market and job opportunities to women and there are success stories of women who are able to make an entrepreneur career.⁴ UNCTAD designed a kind of neoliberal formula for engendering trade, namely "make liberalisation work for women" which aims at the more beneficial integration of women into the global competition and trade without questioning the agenda of trade liberalisation.

1.1. Focus on China and India

This paper takes the emerging markets in China and India to analyse the implications of trade liberalisation for women. Both the countries are on their way to become economic superpowers and make for a change in the global landscape of economic power towards a more multi-polar world.

Though conceding that the World Bank, the IMF and other global players tried to influence and accelerate this development path in China and in India alike, trade liberalization was to a large extent a self-determined strategy for economic development and growth. From the 1980es onwards, among the political leadership in both countries a consensus emerged which aimed at promotion of neoliberal policies, deregulation, privatization, opening of markets, export production, trade liberalization, and integration into the world market.

This integration, the competitive advantages of China and India and the 'flying geese model' of fast moving investment from one country to another have strong ramifications on the global labour markets, and on investment and trade in countries of the South and the North. Take the case of textiles and clothing, a highly transnational and a highly gendered industry. While the first phase of offshoring in the 1970s led to the closure of textile industries in Europe and to the retrenchment of millions of female workers, the shift of subcontracting to China has resulted lately in a de-industrialization and a defeminization of the labour force in other export-oriented countries of the South. When in 2005 the expiring 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, according to the *International Textile, Garment and Leather Workers' Federation* (ITGLWF) 25,000 jobs were lost in Cambodia and in Sri Lanka alike. For the sake of competitiveness, in Bangladesh the 72-hour week was legalized⁵. With rising costs in China, presently

⁴ United Nations (2004): *Trade and Gender*. Opportunities and Challenges for Developing Countries, New York and Geneva

⁵ www.maquilasolidarity.org

transnational retailers shift 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 this kind of bilateral FTAs and *Economic Partnership Agreements* in order to create access for European corporations to the emerging markets by removing trade and non-trade barriers.⁶

In 2008, the multidimensional crisis - the crisis of the financial market crisis, of food and of the energy and climate - caused a break in the steady rise of the Chinese and the Indian growth rates and their economic success stories. The crisis gave evidence to the unsustainability of this development path and the high level of dependency which binds liberalized national economies to the speculation and the volatility of financial markets, to global capital movement and prices at the world market. The crisis caused a slash in growth rates and a significant slow-down of trade, imports and exports.

This is a historic moment to take stock and unbind the gender and trade linkages in the recent past. This paper analysis trade liberalisation in China and India as gendered processes. The main assumption is that gender and trade is a two-way relationship, meaning gender, in particular the gender division of labour, and the gendered control of resources have an impact on trade, on export orientation and investment, and simultaneously 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 the global value chains on the one hand, and the persistence or new forms of gender inequality and injustice on the other hand. It doesn't attempt to draw a comprehensive picture of the economic and social changes brought about to women by trade liberalisation. However, it highlights a few sectors of the emerging markets to explore the potential of trade liberalisation to overcome women's discrimination, to empower them in a sustainable way and to close gender gaps. Thus it attempts to take a socially more differentiating look at the winners and losers of trade liberalization.

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

2. The Case of China

2.1. The Context: Gender Implications of Open Door Policies

In China, the success story of liberalisation started 1980 with the establishment of four *Special Economic Zones* (SEZs) in the Pearl River Delta and by granting foreign investment a legal status. From 1984 onwards, China expanded its export production in SEZs, and scaled up its industrialization and technological development. To attract more investment, foreign companies were provided with preferential tax treatment, 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 were the entrypoints into export production and the first vehicle to access foreign markets. And like elsewhere, in those labour-intensive industries preference was given to women because of stereotypes such as ‘nimble’ fingers, docility and abilities to concentrate for long hours. Thus, export production started as a female-based industrialisation and has to be seen as a gender-segmented process.

The setting up of foreign-invested SEZs and export-oriented industrialization were one of the key mechanisms in the economic transformation of a state-planned and state-owned economy to a capitalist market economy. From the 1980es onwards, state-owned enterprises were dismantled and state property got privatized. This caused a massive gendered process of retrenchment and unemployment which earlier were unknown phenomena. Women who had been 40 percent of the labour force in the *danweis*, the work units, made up for 60 percent of the retrenched people, altogether by now 40 million people. Often the women were sent into early retirement with “go home”-slogans and got less opportunities to be retrained or re-employed than men. However in case they got a training, they were re-educated to be ready for “self-responsibility” and for informal employment, and were trained in ‘female’ skills such as domestic labour.

The ongoing collapse of the state-owned enterprises and the public sector means to the retrenched workers not only the loss of their job and (small) income but more importantly the loss of a complex system of social security and basic facilities from housing to health provision what had been called “iron rice bowl” of social security. At the same time, it resulted in a reprivatization of reproductive work (cooking, child care, health care, recreation etc.) 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 did not provide a substitute for the comprehensive social net, and most of the care work was shifted back into the responsibility of private households and onto the shoulders of women.

Different from the socialist era when equality was made one of the prevailing principles 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 - lead to the emergence of new social classes: migrant workers from the country side, a new labour aristocracy e.g. workers in the foreign-invested car industries, a high-skilled elite in the IT sector, engineers, developers and researchers, managers and corporate executives, and a new class of private owners of companies like domestic and foreign investors. They make for a new composition of society.

Simultaneously, different from the socialist era when 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 leading principle for building a communist society, during the transformation process gender differences were re-emphasized. Tendencies of gender differentiation and renewed discrimination against women emerged along with the labour markets becoming segregated and hierarchically organized according to a new valuation of work and the formation of new social classes⁷. Additionally, after the desexualisation of gender roles in the Mao era by a uniform dress code and hair style, a refeminization of women's role in society, a resexualization of gender roles and a kind of rediscovery of femininity and masculinity took place.

Open Doors and WTO Accession

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

At the same time, China's WTO accession fostered a two-pronged competition on the world market: a race to the bottom and a race to the top⁸. To remain competitive with other cheap-labour economies, China strives for minimal production costs by keeping the wages for labour-intensive work low, by externalizing social and ecological costs and by increasing productivity. Low-priced export goods and an economy of scale make for a race to the bottom - a stiff price competition on the world market.

⁷ Lau, Kin Chi/Liu, Meng/Zhang, Lixi (1999): Gender Discourse in China, in: ARENA, Resurgent Patriarchies: Challenges for Women's Movements in Asia, ARENA press, Hong Kong, 101-136

⁸ 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*, Chinese Academy of Social Sciences, Beijing, 203-222; Chan, Anita (2003) A "Race to the Bottom". Globalisation and China's labour standards, in: *China Perspectives*, No. 46, 41-50

Simultaneously, China wants to climb up the value chain. Its interest in importing technology and know-how is to catch 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 segments of the market and to upgrade industries. This is made more difficult because of the much-lamented product piracy and violation of intellectual property rights. Mounting investment in high-tech sectors is to make for a technological take-off.

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

2.2. New Markets for Self-Responsible Women

Trade liberalization, the integration of the Chinese economy into global production chains, and China as world champion in receiving foreign direct investment determined the transformation to a capitalist market economy, and caused new gender differentiated changes in the economy and in employment. With market mechanisms like competition, growth and export orientation, imported commodities, foreign investors and joint ventures increasingly penetrating the economy, global economic patterns and tendencies merge with dynamics of the domestic economy and local practices. This is evident particularly in certain trends on the labour markets, a 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 % were women – a higher percentage than in most western countries. The rate of female economic activity - the percentage of women in productive age who are in paid work - stood at almost 70 per cent.⁹ Out of the female labour force, 80 percent worked in labour-intensive jobs, and 60 percent worked in agriculture.

While women's overall employment in cities is increasing, they are loosing out in the formal labour market, and gain in services and informal sectors where little or no social security is provided. The majority of the women workers who faced redundancy in the transition process found some 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 employment¹⁰.

⁹ 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.

¹⁰ Ghose, Ajit K. (2005) *Employment in China: recent trends and future challenges*, ILO *Employment Strategy Papers*, Rome

The gender wage gap proves the point that women are “increasingly concentrating in the lower paid end of the segmented labour markets”¹¹

Women's wage as % of men's wage	In urban areas	In rural areas
1990	77.4 %	64.4 %
1999	70 %	59,6 %
2004	64%	

(Beijing Today 17.9.04, UNDP (2007/8))

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 cannot rely any more on the Socialist Party or state to take care of their well-being from the cradle to the grave. With slogans like “Be self-empowering and self-reliant”¹² they 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 the economic and social conditions¹³.

The ACWF applauds women who have the “courage” to start their own small enterprise. Statistics claim that women entrepreneurs account for 20 % of all entrepreneurs, mostly in manufacturing, social services, and the wholesale and retail sector. The latest are most visible in stores and stalls that line the streets of cities where women sell goods and services.

High-skilled young women enjoy good chances to climb the ladder in companies and break the glass ceiling shielding top positions, in particular in joint ventures. One reason is that still more women are qualified in so-called male skills and get employment in so-called male professions compared to Western countries. 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.¹⁴

Particularly, the ever expanding service sector offers new job opportunities to women or women created jobs for themselves, however, again mostly casual, precarious and self-employed. According to official statistics, women are strongly represented in the

¹¹ Liu, Jieyu (2007) Gender Dynamics and Redundancy in Urban China, in: *Feminist Economics*, Vol. 13, No. 3&4, July/October 2007, 125–159; Chen, Lanyan (2008): Gender and Chinese Development, London/New York

¹² Dai, Jinhua (2003) ‘Class and Gender’, *ARENA*, China Reflected, Hongkong, 138-152

¹³ 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, 25–58

¹⁴ Employers fear a loss of working time with young women workers, not only because of pregnancy and delivery (this would happen only once due to the one-child norm), but additionally it is normal for a young married woman to have several abortions per year because abortion is often the only available form of birth control in China.

health, catering, tourism, education and financial service sectors, confirming once again gender stereotypes and gender market segmentation.

Although women perceive that compared to men they have a low status in the workplace a job in the new labour markets is of high relevance to them in terms of contributing to the family income, self-esteem, respect within the family and raising of bargaining power within the family.¹⁵

Women in the social security economy

The case of financial services¹⁶ is an example for ongoing countervailing trends. While the state-owned banks lay off hundred of thousands of employees all over the country, the private insurance sector is fast expanding and employs one million sales agents who walk from door to door. Providers of financial services from the West are keen to enter the highly protected Chinese market because until recently many products of financial and insurance services from credit cards, car leasing facilities to saving for housing and various insurances were not on offer in China. However, after the loss of the “iron rice bowl”, in the new middle classes the saving rate is high and people are keen to establish new forms of social security. Private insurance for education of children, health and life insurance are very popular.

More women than men are engaged in insurance sales. Domestic and highly localized insurers recruit a majority of laid-off female workers in their forties as sales agents because of their communication skills and their credibility due to their ‘housewife’ look which sells well outside the big cities. Sales agents are categorized as self-employed, meaning 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 German-invested high-profile Allianz-Dazhong.

The earnings of sales agents are below average. They are told that their income depends on their working hours, on 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 foreign-invested companies aims at rationalizing their sales techniques, using Western labour logic and marketing attitudes. However, because of small earnings and psychological stress, the turnover is high in insurance sales forces. The agents with the best sales performance are those who adjusted to the new market discipline, work around the clock and are unemotional and aggressive in exploiting personal relationships in financial transactions.

Women in the beauty economy

¹⁵ 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, 29-59

¹⁶This paragraph is based on own research done on the insurance sector, in particular the domestic insurer Ping An and the foreign-invested company Allianz-Dazhong in 2004 and on Chan, Cheri Shung-ching (2007): Honing the desired attitude: ideological work on insurance sales agents, in: Lee, Ching Kwan (ed.)(2007): Working in China. Ethnographies of labor and workplace transformation, London/New York, 229-247

Another gendered sector in which domestic and foreign tendencies converge is the huge emerging 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. Beauty industries were established from hairdressers to fashion magazines, from fitness parlours to plastic surgery, from a wedding industry to Miss 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 of the country's labour force and has become one of the most profitable and successful economic sectors.¹⁷

The WTO accession led to the opening of the cosmetics market along with the spread of advertising and aggressive marketing. Imports of Western cosmetics grew fast, and the advertisement industry likewise. Apart from Japanese cosmetics, Western products such as L'Oréal and Oil of Olaz began to dominate the market. Transnational corporations from the West 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 makes for the transnationalisation of beauty and femininity, alongside the transnational expansion of the respective highly competitive. In their recruitment strategies, service companies openly discriminate women upon age and appearance, and re-enforce the commodification of beauty and the new norms of femaleness in the employment market. Additionally, ageism – discrimination based on age and on beauty norms – in the labour market is much stronger for women than for men, so in the formal sector the employment rate of women is falling rapidly after the age of forty. More and more middle class women resort 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 domestic worker, cleaner or child maid (*baomu*). While “servants” had been a taboo in the socialist era, women retrenched from state companies were even encouraged and trained by the ACWF to become domestics, and to develop gender specific skills and a feminine behaviour. This form of informal and invisible employment, in particular of migrant and elderly women, in the private service sector has spread fast in the new urban consumer class resulting in one-third of urban private households employing a domestic worker at a meager wage and long working hours. Even these women workers in low-paid, precarious, completely unregulated and non-decent employment are often deemed as winners of globalisation and liberalization because they are supposed to benefit in a trickle down effect from the rise of the new consumer classes and well-educated middle class women who make some sort of career in the new markets. Other women from the urban class of the newly rich and super-rich are proud of not needing to work. This is partly an ideological reaction to the work they were ‘forced’ to by the State in the socialist era. However, the new division of care work in private

¹⁷ Hopkins, Barbara E. (2007) Western Cosmetics in the Gendered Development of Consumer Culture in China, in: *Feminist Economics*, Vol. 13, No. 3&4, July/October 2007, 287–307; Xu, Gary/Feiner, Susan (2007) *Meinü Jingji/China's Beauty Economy: Buying Looks, Shifting Value, and Changing Place*, in: *Feminist Economics*, Vol. 13, No. 3&4, July/October 2007, 307–325

households stands for a new social stratification and growing disparities among women.

2.3. The Assembly Line of the World

Soon after the start of the open-door policies, in export manufacturing young docile and hard-working migrants from poor rural households, *dagongmei* ('working girls') became a comparative advantage which attracted foreign investment. Investments in labour-intensive manufacturing and assembly were 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 market¹⁸. Women's labour, particularly in clothing, textiles, shoes, toys and electronics contributed substantially to the amazingly high growth rates of 9 per cent per annum. It were those migrant women workers who made China the "assembly line of the world" which fills up a significant part within the global division of labour. It was the discrimination of women in terms of low payment and high hidden costs in terms of lack of workplace safety and social security which became a magnet for foreign investment and a guarantee for high profits. For the sake of growth and competitiveness, policymakers neglected proactive anti-discrimination policies and the enforcement of labour laws.

Due to local registration at their place of origin in the country side, the *hukou* system¹⁹, the 150-200 million migrant workers face various forms of discrimination by administration and police in urban areas and do neither have access to social services in the cities nor to the social security system at their work place. At the floor shop, most of them do not have a labour contract. Until 2005, for about 15 years wages of workers on the assembly line had not been substantially increased while living costs in the coastal cities skyrocketed. Often enough, women workers even didn't get the minimum wage of 570 yuan (ca. 50 Euro) per month. Due to pressure on workers' productivity, long working hours, toxic material and old machinery the risk of accidents and occupational health hazards is extremely high²⁰. Generally, low-paid assembly line work offers little opportunities for skill development and upgrading.

Workers get 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 this additional earning enables 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

¹⁸ Asia Monitor Resource Center (AMRC) (1998) *We in the Zone, Women Workers in Asia's Export Processing Zones*, Hong Kong, 191–241

¹⁹ The *hukou* system is a registration at the place of residence, which gives citizens a right to live, work and to social security only at his/her place of original residence. It was established in 1958 to prevent rural–urban migration and progressively relaxed from 1984 onwards but has not been abolished.

²⁰ 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 Labor in a Globalizing Economy*, London

availability of the workers is ensured by accommodation in crowded dormitories close to the factories making the dormitories part and parcel of the authoritarian labour regime²¹. Job hopping is used as a counter strategy by the workers in search for better payment and upgrading. However, after a few years of over-intensive labour, most of the migrant workers leave the factories, suffering from burn-out and health hazards. Recently, many young migrant women are keen to stay in urban areas and to get an urban registration (*hukou*) by marrying an urban man. To return permanently to the countryside would mostly mean that they have to get back to agricultural labour and rural forms of poverty.

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

Foreign-invested companies aim at higher productivity and technological diffusion which increase 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 resulted in a new composition of the labour force with the proportion of female workers in manufacturing decreasing from more than 80 to less than 70 per cent. At the same time, it led to a marked increase in wage discrimination against women in low-skilled employment in export-oriented industries during the past decade²². In 2003, wages of skilled labour had multiplied to more than 5000 Yuan (500 Euro) while unskilled female migrant workers earned only ten percent of those salaries in the SEZs²³.

Foreign-invested firms pay higher salaries than state-owned and private domestic companies. However, the gender wage gap is largest in the most liberalized sector (foreign-invested enterprises) and smallest in the least liberalized sector (state-owned enterprises). Surveys done in foreign-invested companies, such as 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 unions²⁴. Thus, the development of industries in China disproves Jagdish Bagwati's assumption that trade liberalization and global competition would narrow down the gender wage gap and pave the way to gender equality in the labour market.

Another great leap of liberalisation

The increased foreign direct investment and the expansion of export production, in particular manufacturing, was done under the assumption that cheap docile labour hailing from the country side would be available in abundance for at least another twenty years. However, since 2003 the sweatshop conditions, the meagre wages as well as constant harassment of migrants by the local police and administration caused 10 to 15 per cent of the migrant labourers to stay back in the countryside after the new

²¹ Pun, Ngai (2005): *Made in China. Women Factory Workers in a Global Workplace*, Durham

²² Braunstein, Elissa/Brenner, Mark (2007) *Foreign Direct Investment and Gendered Wages in Urban China*, in: *Feminist Economics*, Vol. 13, No. 3&4, July/October 2007, 213–237

²³ Wen, Dale (2005) *China Copes with Globalization*. A report by the International Forum on Globalization, San Francisco

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

year's holiday each year. Thus, migrant workers voted with their feet against the miserable quality of jobs and the indecent work and wages.

Additionally, the number of local protests, sabotages and strikes increased considerably. Most of them are confined to a single factory and are a spontaneous reaction to accidents, delays in payments or the threat to lay-offs. The key demands are better payment, better working conditions and "dignity", in short: decent work. A new labour activism emerged, distinct from the official trade union, the *All China Federation of Trade Unions*, ACFTU. This increases the challenges for ACFTU with respect to its double identity both as organisation of the state apparatus and representing workers interest vis-à-vis the employers.²⁵ However, there is no legal basis to freedom of association. Despite this, recently women workers have been at the forefront of workers' protests e.g. at Gold Peak factories. They turned themselves from victims of cadmium poisoning into subjects who claim their right to safe working conditions and occupational health. They crossed the boundary of silence and invisibility by going public and scandalising the case of health hazards and rights violation in the production of batteries for the world market. Cases like this show that even under the most adverse conditions workers' consciousness of resistance and collective struggle can evolve.²⁶

There were manifold reactions to these different forms of protest by the workers. Though the priority of local and provincial administration still lies on attracting investors in order to promote growth in the region, they 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 instructions on corporate social responsibility and by introducing 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 organize nor a right to strike.

Companies howled and cried about the labour shortage, 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 like 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 regions²⁷. Going to the rural inland opens a new territory for labour-intensive export production. Once again, cheap female labour is targeted as a competitive advantage, partly for labour-intensive production in textiles, garments and toys or 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

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

²⁶ Au, Loong-Yu/Nan Shan/Zhang Ping (2007) *Women Migrant Workers under the 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', at 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 2006, 19–27

²⁷ *The Economist*, 13 March 2008

half of that in the Shanghai area or the Pearl River Delta. This means that a woman at the assembly line would earn less than 400 Yuan (ca 35 Euro) per month. This salary would not help her to cross the UN-drawn poverty line of US\$1,25 per day²⁸.

The strategies of foreign retailers of buying and selling determine the working conditions in the 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 advance the international price race to the bottom by methods of ‘online reverse auction’, which allows bidders to underbid each other online.

A number of scandals concerning harmful and toxic product ingredients from toys to toothpaste and the global crisis of 2008 showed the high degree of dependence of the Chinese economy from Western markets, in particular the US, and the unsustainable form of growth, employment and production. When Mattel reduced its orders to Chinese manufacturers after the scandal about toxic and dangerous toys, the factories run short of work, and the workers were desperately waiting for work to do without knowing the reason for the shortage. When consumption slowed down in the US due to the financial crisis resulting in less orders, thousands of factories closed down in the Pearl River Delta and leaving millions of workers jobless. In February 2009, the Ministry of Agriculture announced that 20 million migrant workers must have lost their jobs during the financial crisis.

2.4. Agriculture and a “New Socialist Countryside”

Nearly 60 percent of the Chinese population is still living in the countryside. The share of agriculture in labour is still 42 per cent, however, its share of the GDP fell to 11 per cent. Agriculture and life in the villages is effected 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 cent of the annual monetary income is transferred from ‘peasant workers’: men from different age groups work mainly in construction and building of the skyscrapers in the new urban centers, the stadiums of the Olympics and the 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 a chance to overexploit the peasantry, and more subsidies for agricultural products lead to a rapid growth in rural income, reaching a per capita average of 4140 Yuan (ca 400 Euro) in 2007. However, as urban income rose much faster, income inequality between rural and urban areas reached a high’s of 3.3:1 making the gulf between city and countryside widening.

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

Since earlier predominantly men migrated to the cities, the notion of a ‘feminization of agriculture’ was phrased²⁹, however, women had always been the backbone of agriculture. Women concentrate in crop production and poultry; men in fishery, forestry and agricultural services. Contrary to this gendered division of labour, land rights are discriminatory against women.

Imports of cheap agricultural products, such as subsidized 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 the accession to WTO, 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 ranges below the Chinese producer price because of the EU’s high subsidies³⁰. Since grains are increasingly imported and outcompete local land-intensive crop production, the traditional plots for grain give way to horticulture for exports and greenhouses for vegetables and fruits where most of the work is done by women. Labour-intensive production is the competitive advantage of Chinese agriculture, and women can take advantage of new export chances, as labourers and entrepreneurs.³¹ However, the scandal around melamin poisoned milk gave a blow to agricultural exports and gave evidence that the unscrupulous race for fast profits margins does not spare food items.

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. Farmers’ land is confiscated for such “development projects” by officials, peasants are evicted, the land is lost for agricultural production. The dilemma is that sprawling industrialization and urbanization push up demand for food while at the same time they encroach on arable land, increase land and water shortage, and further marginalize agriculture. This constitutes a serious challenge to the declared political goal of self-sufficiency in food and of grain security.

The government increased the minimum grain procurement price by 13 per cent in order to promote rural development. This will effect rural incomes positively while the crisis hits them negatively due to less migrant employment and wages transferred from urban areas to the country side.³²

2.5. Conclusions

The emergence of labour markets which are directed towards and influenced by trade, and the marketisation of gender differences show that in China nowadays gender plays a significant role in the emergence of new labour regimes and in the “politics of

²⁹ UNDP/CICETE/NDRC/UNIFEM (2003) *China’s Accession to WTO: Challenges for Women in the Agricultural and the Industrial Sectors*, Beijing

³⁰ Oxfam (2003) *Bitter Sugar*, Oxfam Hong Kong Briefing Paper, Hong Kong

³¹ *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, No 3&4, 35-63

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

making and unmaking of classes”³³. Trade liberalisation and investment benefit from the re-emphasised gender differences, from new gender segmented labour markets and from wage discrimination of women. Women constitute a competitive advantage as cheap labourers at the bottom of the global assembly line and as a reserve for flexibilisation. They shoulder many of the hidden costs which make for the economic “miracle” growth and the increase 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. There is an appalling lack of living wages, income security, labour standards, social security, and of dignity. These deficits account for a high risk for women to end up in insecurity and even poverty when they get old.

At the same time, women make use of the new job and income opportunities, and over the years developed an awareness of rights and a sense of dignity as wage workers. Migrant women are depicted as pioneers who were able to leave the hardship of agriculture and rural poverty. Women entrepreneurs involved in trade are featured in magazines and 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 get subordinated to the mechanisms of the market and to the demands of foreign investors. In the context of transformation to a market economy and trade liberalisation, the disparities between women, e.g. 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 subjectivity³⁴. With regard to the overall status of women in society, the breadwinner role of women may create respect and mounting decision making power, however, the feminisation and resexualisation of women’s role and the open disregard for them at the bottom of the global value chains devalue women anew.

³³ Lee, Ching Kwan (2005) *Livelihood Struggles and Market Reform*. (Un)making Chinese Labour after State Socialism, UNRISD, Geneva; Dai, Jinhua (2003) Class and Gender, in: ARENA (2003): *China Reflected*, Hong Kong, 138–152

³⁴ Berik, Günseli/Dong, Xiao-Yuan/Summerfield, Gale (2007) China’s Transition and Feminist Economics, in: *Feminist Economics, A Special Issue on Gender, China, and the World Trade Organization*, Vol. 13, No. 3&4, July/October 2007, 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 industrialization. First steps of liberalization were initiated by Rajiv Gandhi midst of the 1980s when he softened the "licence raj", the state regulation of the economy with the help of licences. This licence regime was made accountable for the so-called "hindu rate of growth" of an average of 3,5 % which had characterized slow economic development in India since the 1950s.

The second phase of economic reforms in 1991 marked a radical shift in the political-economic thinking. A severe macroeconomic crisis caused by external debt tripling to \$69.3 billion, a rising fiscal deficit, and a steep rise in oil prices due to the 1990 Gulf crisis made the Government of India approach the *World Bank* and the *International Monetary Fund* for assistance and to undertake reforms. These reforms include fiscal consolidation and tax reforms, removal of controls on industrial investments and on imports, reduction of import tariffs, allowing the market forces to play a major role in the exchange rate movements and making the rupee convertible on current account. The specific feature of trade liberalization in India was its specialization 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 centuries - India witnessed a record average of 7.6 % growth per annum and reached a peak of 9.2 percent in 2006/7. However, high economic growth rates per se are not a warrenty for poverty elimination. Even today one fourth of the country's population continues to live below the poverty line, half of the children is malnourished and only every second woman can read and write. Public expenditure for social services declined and lead to a deterioration in quantity and quality of public health and educational services, and to an accelerated phase of privatisation in these sectors. While progress against poverty in India has been highly uneven over time and space 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 %, jobs in manufacturing declined by 3.1 %. The new jobs

created in the IT and the financial service sector, and through Business Process Outsourcing could not compensate for this loss. Any slow down in outsourcing and exports will dramatically increase the loss of jobs Times of India, 28.Aug.2006), reinforcing the overall trend in India of unemployment as the biggest problem.³⁵

The present *United Progressive Alliance* (UPA) Government embarked on a dual strategy of reducing poverty and of improving the poor human development indicators: a) it is preoccupied with economic growth, in particular in the industrial and the IT sector, and assumes a trickle down effect, b) it initiated a *Common Minimum Programme* and targeted 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 liberalization, to give a massive push to exports and to generation of employment, in 2000 a new export-oriented policy was launched, namely to set up 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 formally approved already 234 of the more than 500 proposed SEZs a) for labour-intensive manufacturing such as textiles, apparels, leather, footwear, gems, electronics and food parks, b) for ICT and software parks, and c) for capital-intensive industries such as automobile and chemicals. Operations started in 63 notified SEZs.

The land requirement for these SEZs is – officially - supposed to be around 41 700 hectares, many of this prime farmland. This opens vast opportunities for real estate speculators. This is one of the reasons why setting up of SEZs has become a highly contested issue all over the country. It faces protest and resistance by local farmers and fishers whose opposition is backed by a strong anti-SEZ movement from all strains of society.³⁶

Since reform policies and trade liberalization lead to growth without jobs, the SEZs are depicted as a panacea for unemployment. According to government's forecast, 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 centers and the IT sector.³⁷ However, the rural population, scholars and activists suspect that employment generation for local people will be far less and insufficient to compensate for the loss of livelihood and land. Instead, skilled labour will be imported from the cities.

The following three case studies explore the ambiguity of the effects of trade liberalization in different sectors on different women in India: 1) IT as a modern growth sector which creates new opportunities for women, 2) textile manufacturing as a growth sector which benefits from informalisation of employment and low labour

³⁵ Times of India, 28.Aug.2006

³⁶ For reports on resistance against SEZs see:

http://www.infochangeindia.org/IPRI/top.jsp?recordno=4784§ion_idv=23

³⁷ <http://sezindia.nic.in.HTMLS/about.htm>

standards, and 3) the traditional sector of agriculture which is however also subject to restructuring due to trade liberalization.

3.2. The Globalised Office

BPO, Business Process Outsourcing, became a buzz word in India's liberalization process, and is considered an outstanding opportunity for economic development and women's empowerment. Offshoring of office work by Western firms to India became a driving force for the spectacular rise of India's IT industry and draws on a large supply of educated, English speaking, affordable workers from urban middle classes. Young women are recruited right away from colleges into formal skill-intensive employment in IT enabled services (ITES), mainly software development and programming, data processing, accounting and other office work, and call centers. In these sectors women make up for 35 percent of the workforce – a higher figure than in western countries. While in call centers they account for more than half of the labour force, programming is still male dominated and often only one fifth of the employees are women.

The high prestige attached to the whole IT sector and the – to Indian standards – fantastic salaries legitimize that young Indian women are allowed to break with patriarchal structures and traditional gender roles. When these young women start a job as programmer or as agent in a call center, they earn from the first day of their career four times the salary their fathers bring home after 30 years of employment e.g. in an government office. This is the main reason that a growing segment of society 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 zone of North America or Europe, the women have to work night shifts, meaning they have to leave the house at night. Many of the unmarried women IT-workers even live alone in the city. However, even those married or living with their family, experience a greater scope to enhance their agency, mobility, control over their earnings, and social acceptance. Still they face contradictory demands by their families and the job, and have to constantly renegotiate their own dependency from parents and husband, and the balance between work, marriage and family life.³⁸ Nevertheless, they tend to perceive the new situation as an increase in individual freedom in a male dominated society and despite persisting dependency from their family.

In lower middle class families the intergenerational differences in terms of education, income, gender roles and valuation of daughters are bigger than in upper middle classes. In lower income families, the contribution of the IT workers to the family income is substantial, and in turn they get appreciation as breadwinner who improves the economic status of the household or helps them out of financial needs.

All this contributes to changes in the family system and gender relations. However, the extent to which stereotypes and patriarchal norms are broken varies a lot. Some of the IT women workers are able to increase their decision making power with regard to the earned income, others not. Many call center agents stop working when they get

³⁸ Kelkar, Govind/ Shrestha, Girija/ Veena N. (2005): Womens'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, 110-132

married while most of the BPO-office workers want to continue work. Most of them postpone marriage, they wish to have few or even no children, young men wish to marry women who are well educated and working. After marriage, still a wife's career is considered to be secondary to that of her husband. For some the income earning capacity of women substitutes dowry, others save money from their income for their dowry. This results in the absurd situation that 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 in Indian society a key institution which downgrades and devalues women.

Though this sector opens unique career opportunities to women, still many complain about discrimination within the companies in terms of appraisals and career opportunities. This leads to only 10 percent female professionals working in the management of IT firms.

In particular in call centers, the professionals are trained to meet western standards, delearn their Indian accent and take on another identity while pretending to be US-American, Canadian, Australian or British. Different from software development, the work in call centres is considered to be temporary and a stepping-stone to a more meaningful career. The labour of call centre agents is extremely stressful, monotonous and closely monitored. Due to night shifts or work at odd times, 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.³⁹

This kind of ambivalences between empowerment and individual autonomy on the one hand, and on the other hand persisting discrimination and exploitation of women characterize women's work in the IT sector. Additionally one has to dismantle the hype around BPO and its gender dimension keeping in mind the quantitative dimension of the sector: only 0.3 % of all urban women employees work in IT services.⁴⁰

3.3. Food not First

Like in other countries, the melt down of the agricultural sector has become an indicator for the modernization and restructuring of the Indian economy. However, still 70 % of the Indian population live in the country side, and agriculture is the mainstay for the livelihood of 60 %. It employs 53 % of all male workers and 75 % of all female workers. However, within 15 years its percentage of the GDP fell from one third to 18,6 % in 2005. Public investment in agriculture as a proportion of GDP decreased. Commercialisation of agriculture encourages consolidation of land holdings, monocultures and introduction of machinery which reduce employment opportunities and displace female labour first. Declining growth rates (only 2.7 % in 2006) and the decline in per capita output of grains results in regional food insecurity

³⁹ Singh, Preeti/Pandey, Anu (2005): Women in Call Centres, in: Economic and Political Weekly, Febr.12,2005; 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, 132-159

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

and pockets of hunger⁴¹. Lately, production of agrofuels like jatropha tend to further marginalize food production.

Additionally, in 2008 a new type of food crisis emerged. Futures trading in wheat, rice and pulses integrated food like any other commodity in the speculation mechanisms of the financial market. 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 huge profit margins. This shows that agricultural development is no more peasant-centred.

Agriculture is characterized by a strict gender division of labour with women performing the most monotonous, repetitive, back-breaking and low-paying tasks. 50 million women work as underpaid landless labourers, 40 million work unpaid on small poor-quality family plots for subsistence and local markets. One effect of agricultural liberalization is the undermining of 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 drove small scale farmers into a cycle of debt, impoverishment and food scarcity. The debt crisis at the micro level forced small peasants to sell their land, to become casual labourers or to migrate to the cities. However, in the cash crop sector, particularly cotton and groundnut, this debt and livelihood crisis has manifested itself in thousands of farmers committing suicide in recent years.

Commercialisation and trade liberalisation increasingly cause the depletion of commons which were used by women as livelihood resources providing fuel, fodder, water, oil seeds, fruits, roots and herbs for nutritional and medical purposes. Additionally, local biodiversity eroded, the high-yielding varieties promoted by the government and multinational seed companies marginalized traditional varieties, and made local species and indigenous knowledge disappear. Earlier, women had been the custodians of seeds while exchange or selling of seeds and resowing used to be 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 less resources which could ensure food sovereignty. Biopiracy and patenting of genetic resources and agricultural knowledge by companies as it happened in the case of the neem tree and basmati rice further expropriate local farmers of traditional livelihood resources, in particular women who already suffer from resource poverty. While patents extend legal recognition to corporate rights, they undermine protection of community-based property rights to knowledge and its use. Permitting patents on seeds and life forms will result in another price hike of seeds and agrochemical inputs while it will restrict the use of community-owned seeds.⁴²

After the economic reforms, overall agricultural exports - despite considerable fluctuation - increased, in particular of rice, marine products, vegetables and fruits,

⁴¹Government of India, Economic Survey 2004-5; Patnaik, Utsa (2004): *Alternative Ways of Estimating Poverty and Implications for Policy, A Critical Appraisal of the Indian Experience*, www.networkideas.org

⁴² UNIFEM/GATI (2006): *WTO and Gender Concerns in South Asia*, New Delhi

and processed food. However, tea and coffee export experienced a sharp decline due to other competitive producers on the world market. Accordingly, employment in plantations went down and many women plantation workers lost their jobs.

Even small farmers indulge in export production based on contracts with companies. Contract farming which concentrates on cultivation of vegetables, fruits, flowers and organic food is a predominantly female domain because of its labour-intensity. Instead of food production in order to ensure local food security, soil, fertility and water are used for export production.

India is especially keen to export processed food and frozen fishery products. However, this hardly opens export opportunities for small scale producers like women farmers and women fish vendors. Small producers are outcompeted by large exporters because they find it difficult to meet the sanitary and phytosanitary standards when it comes to 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 increased in manufacturing of food and beverages where young unmarried women constitute 27.3 percent of the labour force. When it comes to the mode of employment gap between workers, women make up over half of the part-time workers but only 21,9 percent of the full-timers. In casual work women earn only 58 % of male wages.⁴³

In the fishery sector which provides employment to 11 million people, women are involved in processing of the catch at cottage level industries or as wage labourers in processing industries, and in trading. While men are engaged in fishing, making and repairing of boats and nets, they constitute only 10 percent of the labour in processing of marine products. Depending on the catch women are employed on a very casual basis causing a lot of uncertainty for them. Peeling of shrimps, one of the main activities done by women, is subcontracted, paid on piece rate wage and done under poor conditions. Normally, overtime is not paid. Long working hours in the large chilled processing units with chlorinated water is a high risk for women's health and causes problems from pneumonia to frostbites. Therefore the income and the chances to improve their living implies high hidden costs in terms of poor health.

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

The same holds true for the highly fragmented food and grocery retail sector. While earlier with the help of trade unionist organizations like *Self-Employed Women's*

⁴³ 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 (Ed.)(2004): Trade, Globalisation & Gender-Evidence from South Asia, New Delhi, 153-228

Organisation, SEWA, female petty traders and street vendors struggled to secure space in urban areas and get a licence to sell and set up small stalls, recently pavements and places in cities were “cleaned up” and small traders evicted in order to give way for supermarkets and hypermarkets, retail chains and malls. Small shop owners, street vendors and hawkers face direct competition by corporate retailers, both domestic and foreign who get political support for the restructuring of the whole retail sector. Presently, this sector is highly contested in India, with a lot of resistance raised by petty traders and women sellers against setting up of supermarkets and retail chains. In May 2007, vegetable sellers attacked new stores of the large food retailer Reliance who recently opened 100 big food stores and plans for more “hypermarkets”. *India FDI Watch Campaign* and hawker’s unions held massive protests against Wal Mart’s “back door” entry into India through a joint venture with Sunil Bharti Mittal. Recently Metro, Germany’s largest retailer, and its cash-and-carry-model has come under attack. The campaign opposes not only the “mall culture” but the change in the Food Safety Bill alike which they blame to uproot small retailers and food hawkers in the name of safety – a requirement put forward 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 – struggle not to get squeezed out of the market. It’s a struggle for survival.

3.4. Quick responses: Textiles not the silky way

The bulk of India’s export garments comes from small factories, sweatshops and cottage industries, from unorganised and even home-based work⁴⁴ in Tirupur, a town in Tamil Nadu, and from Mumbai and Delhi. The informal economy has been incorporated into transnational production chains. Different from other cheap labour countries, the existing EPZs (Export Production Zones) account for only 4 % of the exports. Until now both export sectors grew without significant presence of foreign direct investment and global buyers, meaning the Indian garment export industry is not subject to the “Walmartisation” (Hirway 2008:6)⁴⁵. There is a huge gap in terms of labour intensity, capital intensity, productivity and wages between the two sectors. 97 % of women workers in the textile and garment sector in India work in the labour-intensive unorganised sector with low productivity and low wages.

As response to increased competition after the expiry of quota system ensured by the Multi-Fibre Agreement in 2005, there are countervailing trends which enlarge the gap between the two export sectors: on the one hand, more flexibilisation through subcontracting and outsourcing into casual and contract work takes place while employment is increasing. This makes for a race to the bottom so that the objective of integrating women into this sector “has been precisely to lower the overall wage”,

⁴⁴ In India, the „unorganised“ sector is defined by a labour force of less than ten workers in an enterprise (or less than 20 workers if power is not used). These employees are not covered by statutory labour laws and social security,

⁴⁵ Hirway, Indira (2008): Trade and Gender inequalities in labour Market: Case of Textile and Garment Industry in India, Paper prepared for the international seminar on Moving Towards Gender Sensitisation of Trade Policy, organized by UNCTAD, New Delhi, 25-27th February, 2008

costs, environmental and labour standards (Mazumbar 2004:123)⁴⁶. Feminisation is a strategy to ensure labour market flexibility and low wage costs for the employer.⁴⁷ This holds true for the high share of children involved in sweatshops and home-based work e.g. in embroidery. Children normally get half of women's wage. 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 with a contractor, not with the manufacturing firm itself in order to avoid a direct legal relationship and payment of benefits. Flexible employment practices can provide "quick responses" to orders and demands from foreign retailers. On the other hand, the size of production units has increased, and they get equipped with more sophisticated machinery in order to take advantages of scale and shift to high value-added products. Ownership became more concentrated, the number of exporters declined. This mode of manufacturing requires skilled labour and women are less likely to benefit from this new jobs opened in the forthcoming SEZs.

The segregation between women and men workers in the industry is on the increase with informalisation and feminisation of employment going hand in hand: women's employment grows faster than men's but women get crowded at the low end in informal work and low-skilled operations with low productivity and low wages. The gender wage gap is on an increase mainly due to the different way women and men are employed in the sector. The more casualisation and home-based work, the higher the share of women in employment e.g. in Tamil Nadu, and the larger the gender wage gap.

Remarkably, unlike the global trend towards a feminisation of employment with up to 90 % women in labour-intensive export industries (e.g. in Bangladesh), the average share of women workers in EPZs in India has never been that high and even declined in the 1990s from 48 % to 36 %. One reason is that traditionally in India skilled tailoring and stitching are male professions, another one is that the organized 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 a minimal 15 % of the labour -, in South India women make up for three quarter of the workers. Interviews with migrant workers couples in NOIDA near Delhi revealed that they kept secret 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 appreciations of women's employment: men recognize and enjoy the income earned by the women and more purchasing power while women are happy about the non-economic gains in terms of self-esteem and social network, and aspire for a higher status in the family and community and more decision making power. However, despite women's factory

⁴⁶ Mazumdar, Indrani (2004): Impact of globalisation on Women Workers in Garment Exports / the Indian Experience, in: in: Jha, Veena/UNIFEM/UNCTAD (Ed.)(2004): Trade, Globalisation & Gender-Evidence from South Asia, New Delhi, 91-153

⁴⁷ 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

jobs the gender division of labour in the household did not change with women bearing the brunt of domestic work by putting in additional hours.⁴⁸

Altogether this makes for 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, formal and informal sectors. While there is an overall increase of employment for women in the post-liberalisation period, the proportion of casual work compared to permanent employment has increased. In general, wages for both, women and men, increased while there has been little improvement in women's working conditions and in wages for casual and home-based work.⁴⁹ However, women have no choice but to accept whatever odd job and small income they can get, and to face highly volatile, hazardous, unregulated and exploitative working conditions. Government policies promoting growth in exports did not ensure that workers, especially women, reap the benefit of this growth.

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 civil society organisations alarmed European consumers in the internet about problems like 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 "cybernetic crime"⁵⁰ Kamal Nath tried to hush up the incident as "false" reports on Indian industries, ready to sacrifice women workers' rights to export growth.

3.5. Conclusions

Women are supposed to benefit from trade liberalization as well as from export- and service orientation of the economy. However, to which extent do they benefit, and who are actually the Indian women who benefit in terms of employment, earnings and empowerment? 93 % of women work in the unorganized sector and the employees in non-agricultural wage labour comprise only 17,5 % women.⁵¹ It holds true that in urban areas female work participation rates increased – however to a meager 16.6 % only. Significant increase in women's employment occurred in the booming labour-intensive (and low-paid) manufacturing sectors of textiles, apparels and leather goods and in domestic services which is notorious for poor payment and exploitative working conditions. Compared to those low-paid sectors the share of women working in modern and well-paid sectors is minimal: only 0.3 % of all urban women workers work in IT services and only 1.4 % in financial services. Considering the wage differences between the traditional and the modern sectors, the dynamics of

⁴⁸ Mukhopadhyay, Swapna (2003): Status of Women Under Economic Reforms: The Indian Case, in: Mukhopadhyay, Swapna/Sudarshan, Ratna (eds.)(2003): Tracking Gender Equity under Economic Reforms. Continuity and Change in South Asia, New Delhi. 89-123

⁴⁹ 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 (Ed.)(2004): Trade, Globalisation & Gender-Evidence from South Asia, New Delhi, 153-228

⁵⁰ www.cleanclothes.org, <http://www.fidh.org/spip.php?article4860>

⁵¹ 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

employment participation of women explain why the average real wage of female workers has even fallen in the recent past and thus been disconnected from the outstanding aggregate growth rates.⁵²

Ironically, while the rate of female literacy is going up and more women acquire higher education and professional qualifications, employment is not increasing at the same pace. Due to downsizing of the public sector, women's share of public servants decreased from meager 11 % in 1990 to 5,8 % in 2000. In the process of jobless growth, many of the gains in women's employment have been offset by losses.

The focus on integration of women into paid labour should not cover up the fact that most of the work done by women in India – like everywhere - is non-market labour, considered “unproductive” and not included in economic statistics. Many of the women workers in garment sweatshops in Tamil Nadu still have to collect fire wood and carry drinking water to their house, meaning that the global value chain rests on unpaid traditional subsistence and care labour of the same women workers. In rural India nearly 3 billion work days are spent per year in gathering fuels and 700 million days in processing them i.e. chopping, storing and handling - work almost exclusively done by women.⁵³

However, in the Indian context it is obvious that entering the labour markets as a public sphere, having a gainful job, and earning “own” money increases visibility and recognition of women. Employment is a vanguard for social change and has a high potential for women's empowerment. At the same time, there is no automatism emerging from women's integration into the labour market with regard to reducing of gender inequality or change in supremacy of the male gender in Indian society. While there are many changes in young women's life and in their aspirations, there are rarely 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 gain in terms of respect, mobility, decision making power in the family and thereby they can individually break with some constituents of the established gender hierarchy like the dowry system. Others even tend to use the income they earn for the reproduction of the patriarchal gender regime e.g. through the dowry system which subordinates women. Thus only in small sections of the society, the trade-gender-link causes some institutional changes in the Indian patriarchy.

Despite some targeted anti-poverty programmes and a new legislation to protect unorganized labour, the Indian government did not use growth and rising wealth for increased 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 failed to prevent the 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 which gears towards export-led growth – ready to leave the hidden costs once again to the weakest economic actors at the

⁵² Employment statistics are based on employers records and don't include outsourced home-based work and a lot of informal work done by women. See: Chandrasekhar, C.P./ Gosh ,Jayati: *Women Workers in Urban India*, 6.02.2007, http://www.macrosan.org/fet/feb07/print/prnt060207Women_Workers.htm

⁵³ 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

bottom of the global value chain and give preference to corporate and investors' rights over the rights of women who still struggle 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 China in its socialist era had achieved some gender equality at the workplace in terms of a high participation rate, low gender segregation and a small wage gap, in India gender differences and gender division of labour had always been a marker of its economy and labour markets. In China, the transformation to a capitalist market economy and the emergence of trade induced labour markets were processes that rediscovered and re-emphasised gender differences and the systemic discrimination against women. Informal work, absence of a social security net and unemployment are as much new features in the Chinese economy as the individual freedom to choose a profession and a job or to start one's own business. Gender gaps in skills ascription, in wages and in power in the economy were dramatically re-enforced and enlarged. Hence in China, gender differences got 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 would narrow down the deeply rooted gender gaps. Indian economy has been characterized by the magnitude of informal unorganized and unprotected labour, and informal work never provided for any social security e.g. pensions. Trade liberalization makes use of this pre-existing form of labour and the pre-existing forms of women's discrimination for the sake of flexibilisation of employment and maintaining low production costs.

In the wake of economic transformation and trade liberalization, some patterns of gender inequalities and discrimination against women in the labour market occur in both, the Chinese and the Indian economy alike:

- informalization and precarisation of employment as well as self-employment and one-woman entrepreneurship;
- feminized labour-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 work⁵⁴.

These patterns of gendered labour can be found in neoliberal restructuring of economies all over the world. The two cases of China and India show how these

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

patterns merge with tendencies in the national local economies and socio-cultural preconditions, and vary accordingly.

The economic development and trade make use of the skilled and unskilled labour of women and of their discrimination in the market likewise. Women's work, the gender wage differential and the 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 the women?

Trade liberalization, foreign investment and export production create new jobs for women and new opportunities for empowerment. Women make use of this and benefit. However, against the common focus on the quantity of jobs created by an export- and investment-oriented development path, feminist critique questions 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 creates new classes and enlarges social disparities among women: a majority being 'working poor', 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 on a constant increase, in India it does not narrow down. Thus the redistribution of wealth in terms of earnings and empowerment is highly uneven leaving a majority at the fringes of survival and poverty. Additionally, in a number of sectors, women suffer from an 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 dependency of foreign markets is highly volatile with women workers at the bottom end of the value chain being the weakest actors, and once again loose out.

Nevertheless, female professionals, export entrepreneurs, managers and brokers and even women workers at a neat and clean assembly line are featured on the titles of magazines. In Chinese as well as in Indian culture they are depicted as embodiment of modernity, social change and as winners of trade liberalization. Neoliberal development creates its own new images of women and femininity.

Based on a neoliberal consensus and geared towards growth, the political leadership in India and China miss out to safeguard social and economic rights of poor and vulnerable citizens, and neglect to design policies for systemic redistribution of wealth and welfare. While social spending decreased, social services crumbled and livelihood guarantees for poor women broke down, the newly created wealth concentrates in the hand of the happy few. Governments allow for a redistribution of wealth from the bottom to the top. Until now they have been willing to sacrifice gender equity and social equality, women's rights and workers' rights to the competitiveness of the country in the global market and the rights of domestic and foreign investors.

Starting from a different economic, social and political background, development in China and India have in common that the chosen economic model overemphasizes growth over equitable distribution of the fruits of that growth. Reality proves the

neoliberal assumption wrong that trade is necessarily a win-win-game, and a global remedy to narrow gender gaps and promote gender equality.