1. INTRODUCTION: WHY A FEMINIST ECONOMICS OF TRADE?

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This book brings together fourteen contributions that together represent the building blocks for a feminist economics of international trade. It shows how the tools of economic analysis, informed by gender analysis, can be used to examine the interaction of trade relations and gender relations. It is motivated by a concern to reduce gender inequality and increase the power and well-being of poor women in poor countries. It is concerned not only with the impact of trade on gender inequality, but also with the impact of gender inequality on trade.

Gender pay gaps and gender segregation in employment are a key focus, but gender analysis tells us that these labor market inequalities are underpinned by a deep structural inequality between the paid production of goods and services, and the unpaid social reproduction of the labor supply, households and communities. Feminist economics argues that gender inequality stems from a system of gendered power relations that permeate the whole economy and underpin norms for male and female roles and responsibilities.
Individuals themselves absorb these norms, which constrain their choices and structure the ways in which they define themselves. Not only are preferences endogenous, but also the sense of self (Ferber and Nelson 1993).

From the perspective of feminist economics, all economic policies are gendered, in the sense of being shaped by the system of gendered power in which they are formulated and implemented. In some cases this is explicit, with promotion of gender equality an objective (such as labor market policies designed to secure equal opportunities for women). But in many cases the content of gender relations is implicit. On the surface a policy may appear to be gender neutral because it does not target either men or women. But the policy will be gender biased if it fails to take into account the gender differences that permeate economies (Elson 1995). For instance, trade polices that leave out consideration of the unpaid economy and only include the paid economy will tend to be biased against women, because women have a social obligation to ensure that families are cared for, in a way that men do not (though men do typically have a social obligation to bring money into the family).

This book situates gender inequality concerns within a broader concern for other types of inequality within and between countries. It aims to be of interest to trade and development economists as well as feminist economists. It is relevant to courses on international trade and development as well as to courses on the economics of gender. A feminist economics of trade is necessary because it prioritizes issues that are otherwise neglected and makes visible interactions that are otherwise invisible. It asks whether trade policies that are advocated to address inequalities between countries are sufficient to reduce gender
inequality within countries. In doing so, it helps to identify which mix of trade and other policies is capable of addressing multiple inequalities simultaneously. It also inquires about the ways in which gender inequality may limit the gain from trade; for instance, through its impact on the terms of trade, or the process of innovation.

There is a large literature on trade and inequality, but most trade economists who discuss inequality do not engage with gender equality issues. For instance, none of the thirteen contributors to John Toye’s edited volume (2003) on trade, poverty and inequality discuss gender inequality. Among the rare exceptions is Jagdish Bhagwati (2004), who devotes a chapter in his best selling book, *In Defense of Globalization*, to the question: “Women: Harmed or Helped?” His conclusion is that women in both developed and developing countries are helped by trade liberalization, which increases international competition, in turn weakening labor market discrimination against women and reducing the gender wage gap. However, the evidence he considers is very limited, and he does not cite many scholarly contributions on trade and gender from feminist economists. The study on which he relies for empirical evidence (Black and Brainerd 2004) is critiqued in Chapter 11, and the theory of discrimination and competition on which he relies is critiqued in Chapter 3.

Because feminist economics is concerned with economic power and adopts a critical approach to how economies function, it finds allies among other critical traditions in economics such as Marxist, post-Keynesian, structuralist and institutional economics. Thus many of the contributions to this book explicitly draw upon heterodox economic theories. One exception is Chapter 7, which deliberately makes the choice to depart as little as
possible from orthodox assumptions in modeling the effects of trade, in order to show that even with such assumptions, gender relations matter.

This book aims to give a higher profile to the research of feminist economists on trade and gender, bringing together some key contributions which have already been published in scholarly journals (Chapters 2, 5, 6, 7, 8, 10, 15) and extending that literature by including some new or expanded studies (Chapters 3, 4, 9, 11, 12, 13, 14). It incorporates discussion of gender and trade in industrialized (see especially Chapters 11 and 12), semi-industrialized (see especially Chapters 6, 8, 9) and agrarian economies (see especially Chapter 5).

This book is methodologically pluralist. Trade and gender relations are explored through a number of research strategies: constructing analytical frames (Chapters 2 and 3); building formal models (Chapters 5, 6, 7); conducting quantitative analysis (Chapters 4, 8, 9, 10, 11); analyzing private and public systems of trade regulation (Chapters 12 and 14); identifying and using trade-related gender indicators (Chapter 13); and analyzing the macroeconomic policy aspects of trade and gender (Chapter 15). Some of the quantitative contributions focus on single countries (Chapters 7, 8, 9, 11), while others are cross-country studies (Chapters 4, 10 and 13).

ORGANIZATION OF THE VOLUME
This book is organized as follows: Section I discusses how trade and gender issues should be framed; Section II examines the impact of gender inequality on trade; Section III investigates the impact of trade on gender inequality; and Section IV presents feminist approaches to trade policy.

The way in which trade and gender issues are framed structures what questions are asked and what factors are taken for granted, what is included in the analysis and what is left out. In Chapter Two, *Gender and the Social Construction of Markets*, by Lourdes Benería, the frame is provided by the institutional economics of Karl Polanyi whose 1944 book *The Great Transformation* traces the construction of “market society” in the 19th and early 20th century. This frame directs attention to the way in which the expansion of trade changes the norms of human behavior. Unlike mainstream trade theory that takes the sense of self, and the preferences, of “rational economic man” as exogenous factors that shape commerce, Polanyi’s institutional economics sees the growth of commerce as a process that helps to produce human beings that compete to maximize their individual gains. Benería agrees with this perspective, but points out that historically far fewer women than men competed in national and international markets, and that norms of female human behavior place more weight on altruism than individualist competition given women’s primary responsibility for social reproduction. She discusses the implications for these norms of the increasing participation of women in national and international markets.

Gender and market competition is also a key theme of Chapter Three, *Mainstream, Heterodox and Feminist Trade Theory* by Nilüfer Çağatay, Diane Elson and Caren Grown.
This chapter compares and contrasts orthodox and heterodox (Marxian and post-Keynesian) theories of international trade, discussing how gender has been, or might be, incorporated into each type of theory. It concludes that heterodox theory, which argues that trade is governed by absolute rather than comparative advantage, is a better starting point for feminist trade theory. Heterodox trade theory does not assume full employment equilibrium, it emphasizes that there is no mechanism to ensure balanced trade, and it is more consistent with empirical evidence than mainstream theory. The chapter develops the notion of gendered competitive advantage and shows it’s relation to “low road” and “high road” development strategies.

Section II analyzes how gender inequality can have an impact on trade-related outcomes, such as the terms of trade and composition of output. All three chapters are explicitly located within heterodox economic theory. Chapter 4, Gender, Trade and Development: Labor Market Discrimination and North-South Terms of Trade, by Shaianne Osterreich, takes as its starting point the Prebisch-Singer hypothesis that the net barter terms of trade between South and North tend to deteriorate (a hypothesis for which there is ample empirical support). Prebisch (1950) and Singer (1950) argued that the underlying mechanism for this uneven distribution of gains from trade lies in differences in labor markets in the South and North, with workers in the South having less ability to bargain for rises in productivity to be matched by rises in wages. Osterreich hypothesizes that gender inequality is an important aspect of these labor market differences. Using data from a selection of Southern and Northern countries for the period 1975-1995, she finds that a decline in the degree of labor market discrimination against women in the South relative to
the degree of labor market discrimination against women in the North is associated with an improvement in the net barter terms of trade of Southern countries. She argues that policymakers should be interested in these results: if governments in the South take simultaneous action to reduce labor market discrimination against women, this will help to counteract the tendency of their terms of trade to fall, bringing a larger share of the gains from trade to the South.¹

Chapter 5, *The Formal Structure of a Gender-Segregated Low-Income Economy* by William Darity Jr., examines the ways in which unequal gender relations in agriculture interact with attempts to stimulate agricultural exports via devaluation of the currency. He develops a model of gender segregation of labor in smallholder export and subsistence (food) production, based on the empirical literature on sub-Saharan Africa. Both men and women participate in producing export crops, but only women produce subsistence goods. The model describes three different regimes of gendered power: coercion, in which men exercise power over the time women allocate to export crops, the sales of which are controlled by men; cooperation, in which women (guided by social norms of interfamilial behavior) willingly agree to allocate unpaid time to export crops; and compensation, in which women will not work on export crops without being compensated by their husbands. Darity models the effect of a currency devaluation, which raises the price that men get for export crops. Through coercion, cooperation, or compensation, women allocate more time to export crop production. The model illuminates how different regimes of gendered power affect the impact of export expansion. One inference is that if women resist coercion and are unwilling to work without pay, they will not switch into export crop production.
following devaluation, slowing export expansion (see also Warner and Campbell 2000).

Gender-segregation in production is also a theme of the model presented in Chapter 6, *Macroeconomic Effects of Reducing Gender Wage Inequality in an Export-Oriented, Semi-Industrialized Economy* by Robert A. Blecker and Stephanie Seguino. Their model is based on the stylized facts of semi-industrialized economies, in which women produce a good that is largely for export though some is consumed domestically, and men produce a good that is only for the domestic market. Women earn less than men. The model examines the effects on output of an exogenous rise in women’s wages, holding male wages and the exchange rate constant. If export markets are price elastic, and workers’ consumption of the export good is low, the output of exports is likely to fall, while the effect on production of domestic goods is ambiguous. On the other hand, if export demand is price-inelastic and worker’s consumption of the export good is high, export production will expand; again, the effect on production of domestic goods is ambiguous. But these conditions are less likely to be met. Given the assumptions of the model, reducing the gender wage gap by raising women’s wages is likely to depress exports and may also depress production of domestic goods. If nominal wages of both women and men are flexible, and there is a crawling peg exchange rate, the effects are more complex and an increase in women’s wages may be combined with export expansion.

Section III, *The Impacts of Trade on Gender Inequality*, contains five chapters. Chapter 7 examines the impact of changes in trade policy via the abolition of tariffs (e.g., the liberalization of international trade), while the other chapters focus instead on impacts of
changes in the share, level and growth of exports or imports (the expansion of international trade). This is consistent with the general literature on trade, which relies primarily on data on exports and imports rather than data on the general level of tariffs and subsidies. It is important not to draw conclusions about trade liberalization from the studies of the effects of trade expansion (Rodrik and Rodriguez 2000).

Of all the chapters in this section, Chapter 7, *Modeling the Effects of Trade on Women, at Work and at Home: Comparative Perspectives* by Marzia Fontana, uses the widest range of gender equality variables and captures both unpaid work and paid work. This chapter employs a sex-disaggregated computable general equilibrium model to simulate the impact of trade liberalization (via tariff reductions) in Bangladesh and Zambia, two very different low-income countries. The strength of gender norms is modeled by making substitution between male and female labor inelastic. Exchange rate depreciation is assumed to restore balanced trade following tariff reductions. Given these assumptions, the simulations suggest that trade liberalization will increase time spent producing exports and reduce time spent in unpaid work and leisure. Women’s paid employment and wages rise in both Bangladesh and Zambia, but in Bangladesh (where the biggest export is garments) the gender wage gap narrows, while in Zambia (where the main export is copper) it widens. The model shows how trade liberalization has different gendered impacts in economies with different economic structures and how women’s employment gains may come at the cost of time to care for families and enjoy leisure.

Two studies of semi-industrialized countries follow, both of which examine sex-
disaggregated employment and earnings in export-oriented and domestic market oriented production. Each produces results that are at odds with some of the conventional wisdom.

Chapter 8, *Mature Export-Led Growth and Gender Wage Inequality in Taiwan*, by Günseli Berik uses industry level data to estimate the role of export-orientation in determining male and female wages, as Taiwan shifted to more skill and capital intensive manufacturing exports in the period 1984-1993. Berik finds that, controlling for a range of other influences, working in a more export-oriented industry adversely affected wages of both women and men. The gender wage gap was in fact lower in the more export-oriented industries than in the more domestic-oriented industries in part because the wage penalty on men in those industries was higher than on women. However, as expected, women workers wages were adversely affected in both absolute and relative terms as the occupation mix shifted to include more technical skills.

Chapter 9, *Export-Led Industrialization and Gender Differences in Job Creation and Destruction: Micro Evidence from the Turkish Manufacturing Sector* by Şule Özler, uses plant level data for the period 1986-96 to examine employment by sex and skill level in three types of production, non-tradable, import-competing and export. As expected, net job creation rates were higher in the export sector than the other sectors for all groups of workers. Net job creation rates were higher for females than for males in all sectors, but the biggest gender gap was in the import-competing sector, which had the highest ratio of female to male job creation rates for production workers. Although women benefited from the gender gap in net job creation, women’s employment was more volatile than men’s, as measured by the female and male gross job reallocation rate (the sum of gross job creation
and gross job destruction rates). While the growth of export production increased women’s share of the labor force, economy wide factors contributed to making women’s work more precarious than that of men.

The focus switches to import-related job losses in OECD countries in Chapter 10, *Gender Segregation and Gender Bias in Manufacturing Trade Expansion: Revisiting the “Wood Asymmetry”* by David Kucera and William Milberg. They challenge the thesis put forward by Adrian Wood that the trade-related increase in the female share of employment in developing countries had no negative symmetric effect on the female share of employment in the export sector of industrialized countries. Applying factor content analysis to data on 22 manufacturing industries for 10 OECD countries for the period 1978-95, Kucera and Milberg find that in most of the countries in the sample employment declines disproportionately affected women. These employment losses across countries were due mainly to differences in trade performance in the textiles, apparel, leather, and leather goods industries, all female-intensive industries. In countries where these industries remained competitive (such as Italy), there was less gender bias in employment loss but in those where they did not (such as the USA) the gender bias was more pronounced. The overall conclusion of this chapter is that trade expansion cannot be assumed to be a win-win for women in the North and the South.

Chapter 11, *Importing Equality or Exporting Jobs? Competition and Gender Wage and Employment Differentials in U.S. Manufacturing* by Ebru Kongar, challenges the optimistic conclusion of Black and Brainerd (2004) (referred to earlier in the chapter) that increased
import competition has reduced discrimination against women and the gender-wage gap.
Kongar investigates the wage and employment effects (disaggregated by sex and occupation) of increased import competition in the USA in the period 1976-1993, distinguishing between concentrated and competitive manufacturing industries. Wages are measured as ‘residual wages’ net of the impact of the effects of personal characteristics of workers other than sex, such as education, experience, marital status race and location. The study shows that the decline in the residual manufacturing gender wage gap, in a context of declining overall employment, was driven by changes in the composition of the female labor force rather than by a reduction of discrimination against women. In the concentrated industries, female low-wage production workers suffered disproportionately from import-related job losses, raising the average wages of the remaining smaller, more highly skilled, female work force, thus reducing the gender wage gap. By contrast, in the competitive industries, the female share of low-wage production occupations increased and average female wages declined. These differences probably reflect different firm strategies in the two sectors, with those in the concentrated sector meeting import competition by adopting more skill-intensive production and those in the competitive sector increasing their use of cheap labor.

Part IV, *Feminist Approaches to Trade Policy*, contains four chapters that examine different aspects of trade policy. Chapters 12 and 14 explore how to regulate international trade, Chapter 13 proposes a method for monitoring the impact of trade agreements, and Chapter 15 considers the overall set of macroeconomic polices needed for trade to have positive effects on gender equality.
Chapter 12, *Gender, Codes of Conduct and Labor Standards in Global Production Systems* by Stephanie Barrientos compares three strategies for improving the impact of trade expansion on women’s rights: social clauses in trade agreements, corporate codes of conduct, and ILO’s decent work approach. Barrientos situates international trade in the context of global production systems that entail complex chains of sub-contracting dominated by corporations based in the North. She argues that social clauses in trade agreements have limitations because they put the onus for workers’ rights on governments of exporting countries rather than on the Northern companies that dominate the global production systems. Corporate codes of conduct put the onus to improve labor standards on these corporations. But voluntary codes are driven by a concern to limit risks to the reputation of the corporation and do not adequately address the ways in which pressure to keep their prices low makes it hard for sub-contractors to comply with the codes. Moreover, these codes do not succeed in reaching the women informal workers at the bottom of the sub-contacting chain. The ILO’s decent work initiative encompasses both rights at work and rights to social protection; it aims to engage governments, corporations, and workers representatives, but its only instruments are dialogue and persuasion. Barrientos concludes that elements of all three approaches are needed.

Policies to improve the impact of trade on gender equality need to be informed by regular monitoring. In Chapter 13, *Gender Indicators for Monitoring Trade Agreements*, Irene van Staveren presents a set of indicators that may be used by policy makers, women’s organizations, trade unions, and other stakeholders to monitor the impacts of trade
agreements. The indicators are formulated as trade elasticities of gender equality, in which the denominator measures changes in trade and the numerator measures changes in gender equality. A sub-set of these indicators examines how gender equality has changed in Mercosur (Argentina, Brazil, Paraguay and Uruguay) following the trade agreement with the EU. Trade expansion related to this agreement was not accompanied by any positive gender effects in Mercosur, and there are warning signs of possible negative effects via an increase in food prices, the lack of increases in the female share of employment in the export sector, and an increase in women’s share of employment in the import-competing sector. Not surprisingly, the conclusion is that the trade agreement needs to be complemented by other measures if it is to contribute to reducing gender inequality.

The most comprehensive trade agreements are negotiated globally through the World Trade Organization (WTO). The gender dimensions of some key agreements are discussed in Chapter 14, *Gender Issues in the Multilateral Trading System* by Mariama Williams. Particular attention is paid to the Agreement on Agriculture, the General Agreement on Trade in Services and the Trade Related Intellectual Property Rights Agreement. Williams shows how these Agreements are implicated in undermining the livelihoods of women self-employed farmers in poor countries and have the potential to jeopardize poor women’s health and their ability to ensure good health for their families. The chapter concludes with suggestions on how gender inequality can be addressed in some of the measures that are allowable under the WTO rules for mitigating adverse effects of trade liberalization. It also makes clear that a gender-equitable multilateral trading system requires a different set of core principles.
The final chapter, *Gender Equity and Globalization: Macroeconomic Policy for Developing Countries* by Stephanie Seguino and Caren Grown, sets trade liberalization in the context of liberalization of foreign direct investment and international finance. It shows how together these polices have led to slower growth and economies that operate at far less than full employment, a context not favorable for the goal of achieving gender equality while sustaining the well-being already achieved by men. Alternative policies are outlined which include a stronger role for the state in controlling flows of physical and financial capital and in stimulating improvements in productivity. WTO rules would need to change to permit developing countries to protect infant industries.

**CONCLUSION**

The picture that emerges from this book is that the feminist economics of trade, which consists of a rich array of methodological approaches, produces multiple and complex findings on the relationship between trade expansion and liberalization and gender inequality. As a result, the message from feminist economics cannot be reduced to a simple calculus of whether trade liberalization and/or expansion is “good” or “bad” for women. Because trade practices and gender relations are diverse, there will always be contradictory impacts, both within and across countries. This applies both to the impact of trade on gender inequality and to the impact of gender inequality on trade. The type of trade policy change and nature of trade expansion will affect the employment and earnings of women.
and men in different ways, depending on their location, class, ethnicity and nationality.
Similarly gender inequality will affect trade outcomes in different ways, depending on the type of inequality, the structure of the economy, and its level of technological development, and the particular trade policy regime.

Nevertheless, insofar as trade liberalization is part of a set of policies that contribute to undermining the capacity of governments to invest in public infrastructure and services, and to take responsibility for guiding economic and social development, it is likely to perpetuate inequalities and limit the extent to which less powerful people, firms and countries can gain from trade. For example, in so far as trade liberalization reduces public revenue and constrains public investment in services that reduce poor women’s unpaid work, it will contribute to the perpetuation of the underlying structure of gender inequality. A market-driven society is unlikely to find an egalitarian resolution to the problem of how to ensure sufficient care as well as sufficient commodities (Folbre 1994). Improved outcomes for both trade and for gender relations can be achieved together, but only if an appropriate mix and sequence of public investment and regulation of markets is achieved.

As noted earlier, there is much further work to be done on the feminist economics of trade. For instance, the insights of the various chapters can be used to develop formal models, whether of the heterodox or CGE variety. Additional research is needed on the impact of trade policies (as opposed to trade expansion) on paid and unpaid work and earnings, as well as the ways that different types of gender inequalities (in social reproduction and markets) affect trade outcomes. More analysis to distinguish causes and effects (whereby
gender inequality is sometimes the one, other times the other) would be especially useful.

In the next twenty years, we expect the feminist economics of trade to mature and flourish. We also hope the insights of feminist economics will help to change the decisions of international institutions, governments, and firms so as to increase the power and well-being of poor women in poor countries.

NOTES

1 It is important that the action be taken simultaneously; if one country does this alone, it risks losing export markets- as is shown by the analysis in Chapter 6.

2 As Rodrik and Rodriguez (2000: 3) points out, while trade policies do affect the volume of trade, “there is no strong reason to expect their effect…to be quantitatively or even qualitatively similar to the consequences of changes in trade volumes that arise from reductions in transport costs or increases in world demand.”

3 A competitive industry is defined as one where the biggest four firms hold less than 40 percent of the US market.

REFERENCES


