

**GENDER INEQUALITIES AND
INTERNATIONAL TRADE:
A THEORETICAL RECONSIDERATION**

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I. Introduction

A central feature of the changes in policy orientation since the late seventies has been the great emphasis placed on international trade and trade liberalization “as the engine of growth” in the context of general market liberalization policies. In the words of Rodrik (2001; p. 5), “Trade has become the lens through which development is perceived, rather than the other way around.” There are a number of reasons for this renewed emphasis on trade liberalization:

- a) Trade liberalization is an important part of the overall switch to policy packages of market liberalization.
- b) In a number of studies, it has been argued that greater openness, defined in a variety of ways, and trade liberalization lead to higher growth rates.
- c) Higher growth rates are seen as synonymous with development and as being key to poverty reduction.

Of course, many have contested the generalization that a simple, straightforward positive relationship exists between trade liberalization and growth. (Rodrik 1997; Rodrik 2001; Rodriguez and Rodrik 2000; Chang 2003 ; Nayyar 2003) Some have pointed to the superior growth records of many developing countries in the period that is referred to as the “golden age” (Singh multiple refs; Weisbrot et. al. 2001) or during the 1960s and 1970s compared to the last two decades of the last century that has been characterized with greater openness in terms of trade policy. Others have contended that the causal relationship between trade performance and growth may run the other way in that countries which have achieved higher growth rates as a result of *a variety* of development policies might also exhibit a higher degree of openness (Rodrik 2001). It has also been pointed out that protectionism has played an important role in the historical evolution of what are now advanced capitalist countries (Chang 2003).

A small minority of heterodox economists, coming from the Marxian and Keynesian and post- Keynesian traditions have also contested the concept of comparative advantage and proposed alternative theories of competitive advantage or absolute advantage (Shaikh, 1980, 2003, Milberg 1994). The theory of comparative advantage still remains a favorite theory of the majority of trade economists and the accompanying policy prescriptions about trade liberalization remain one of the most important elements of what is now referred to as the augmented Washington Consensus. For example the Monterey Consensus (United Nations 2002) document displays such a disposition.¹

¹ Of course there are varieties of neoclassical/mainstream or orthodox approaches to international trade and many orthodox economists realize that the claims made in the policy realm are problematic from a theoretical point of view. In the context of “New Trade Theory” and even in the context of the Heckscher-Ohlin – Samuelson theory of trade, one can find cases where free trade policy is not the optimal policy rule. However, the simplicity of free trade as the optimal trade policy rule continues to have a grip on the imagination of policy makers and economists alike. See Cagatay (1994) “Themes in Marxian and Post-Keynesian Theories of International Trade: A Consideration with Respect to New Trade Theory” for a historical/comparative discussion of New Trade Theory.

A recent new argument in favor of trade liberalization and trade expansion by mainstream economists is the claim that increased trade also has gender-wise equalizing effects. Until recently, gender has been, by and large, ignored in mainstream economics, whether in macroeconomics, international trade or finance. This was, in part, based on the presumption that everyone, including women and those living under poverty, would benefit from higher growth rates. But, recently mainstream economists have begun to pay attention to gender, if only to argue that greater import competition that would result from increased international trade would have the effect of reducing gender - based wage gaps and improving women's economic position relative to men.

In the broader world of development agencies and institutions, "gender mainstreaming" has become a central mandate as a result of much feminist activism and the United Nations Conferences of the 1980s and 1990s, and especially the Beijing Platform for Action. Gender and poverty have come to be seen as "cross-cutting" issues in the work programs of agencies whose main mandate is to work on international trade such as UNCTAD² as well as the World Bank.

It is thus not surprising that mainstream economists are increasingly showing an interest in the gender dimensions of globalization, in general, and of international trade, in particular.³ They argue that trade expansion has the benefit of creating disproportionately higher employment opportunities for women compared to men, and that it can help decrease the gender-based wage gaps or gender discrimination in labor markets. In their view, women have benefited either through relative employment gains or reductions in gender-based wage gaps. Along with trade liberalization, they also argue for labor market deregulation which in their view has been beneficial to women especially in the global South.

As with the general claim on the positive relationship between trade liberalization and growth rates, reality is more complex. A comprehensive assessment of the gendered impacts of trade reform and trade performance would analyze changing patterns and conditions of work, including paid and unpaid work; changes in gender gaps in wages, earnings, patterns of ownership and control over assets; technical change, changes in consumption patterns and use of technology by men and women; changes in public provisioning of services and their gendered impacts, as well as the gender-differentiated empowerment implications of trade flows. A central question should be whether trade reform and emerging patterns of trade perpetuate, accentuate or erode existing gender inequalities. A related question is whether there is a change in gender-based power relations within households, communities and the society at large as a result of

² One recent example is the adoption of trade and gender as one of the cross - cutting issues in the UNCTAD XI meetings. The other two are trade and poverty and trade and the creative industries. See http://www.unctadxi.org/templates/Page_156.aspx

³ Jagdish Bhagwati is one such economist who has been defending the benefits of globalization in general and for women in particular through trade and export orientation, although he concedes that issues such as trafficking in women and the vulnerable position of women immigrant workers in the world economy are problems that require attention. See Bhagwati (2001) and also Bhagwati (2002). Similar arguments are made for the relationship between trade, growth and poverty reduction in Bhagwati and Srinivasan (2002.)

“opportunities” created and/or destroyed by newly emerging international trade patterns. (Cagatay 2001). Another important question to pose is the role of gender inequalities in trade performance which is a question that has been taken up, but there is a greater need to probe the two –way causality between gender inequalities and trade.

While such analyses have been limited by the absence of gender-differentiated data in many of these areas, there has been a major debate on whether trade policies and patterns have been empowering to women. It is, of course often very difficult to separate the effects of trade liberalization and trade performance from the impacts of a variety of other policy changes that have been widely adopted in developing and industrialized countries around the globe since the early 1980s. In any case the effects of a particular policy (e.g. trade liberalization) will depend on the economic, political and social context of that policy as well as the interaction of that particular policy with other policies. Besides data problems, assigning causality in many instances is difficult.

Notwithstanding these analytical and empirical obstacles, a long history of feminist work has addressed the effects of trade liberalization, trade expansion and export – orientation on the well- being of women compared to men. In particular, changes in the **gendered patterns of work** in the context of the international economy have been an area of research for feminist economists since the late 1970s. This literature has explored the relationship between patterns of integration into the world economy through international trade **cum** international investment and the ensuing changes in patterns of paid and unpaid work in the general context of market liberalization policies.

Feminist economists (as well as a variety of institutionalist and other types of heterodox economists), however, either offer opposite or more complex empirical findings than do neoclassical economists or differ from neoclassical economists on the interpretation of the same findings, as they start from different methodological assumptions and theoretical frameworks than do neoclassical economists. Most notably, this body of research by feminist economists has shown that:

- a) The effects of trade liberalization and export promotion policies are gender-differentiated, alongside being differentiated by class, race and ethnicity. These effects vary according to the type of economy and can be contradictory. It is not possible or even meaningful to conclude whether increased trade or trade liberalization is “good” or “bad” for women as a whole in an absolute or relative sense (relative to men) as the effects differ across different classes of women or women and men in different sectors of the economy. A more meaningful question to ask how can trade policies be made more gender- equitable, pro-poor and, in general, human development oriented.
- b) Gender inequalities mediate the outcomes of trade policies, especially with regard to growth and gains from trade. Gender inequalities, in some instances, promote growth in the context of international trade and export – orientation while at the same time reinforcing a trade and growth (the low road) pattern that may not be beneficial or even harmful to developing countries in the long – run.

c) Gender- based inequalities in labor markets of many countries, far from being eroded by increased competition induced by international trade, serve as instruments of competition at distinct stages of incorporation to the world economy.

However, perhaps the most important obstacle to a better and deeper understanding of the multiple complex relationships between gender and trade at this point is the theoretical lacuna in the area of international trade. Carrying out a gender-aware analyses of trade performance and trade policies requires a **prior** judgment about which trade theory or theories constitute the appropriate analytical frameworks for ‘engendering’, that is integrating gender into the theoretical apparatus. As general feminist scholarship work has shown, it is not possible to add women and stir into any theory and come up with a meaningful analysis. This is also true for trade theories and macroeconomic theories as well. At the same time, trade and investment theories (or broadly economic theories) will have to be transformed by a gender – aware approach to economics.

The objective of this paper is to review **very** briefly a variety of theoretical perspectives on international trade and investment in order to pose the following questions: Which theory (ies) of trade are more conducive to a feminist approach? Which theories have a better “fit” with the stylized facts that have emerged from the feminist work on trade and gender? How do trade theories become more illuminating as a result of the incorporation of gender into the analytical framework? How do we get a better understanding of the relationship between trade patterns, performance or the benefits from trade (or the lack thereof) or the relationship between trade, growth and development? How do we get a better understanding of the relationship between trade, growth and poverty? What kind of new theoretical, empirical questions and policy positions emerge as a result of such a theoretical rethinking ?

II. A Short Excursion Into Trade Theories

Among economists, the principle of comparative advantage is almost a universal article of “faith”. Although there are different versions of this principle, the one that is based on differences in relative factor endowments as in the case of the H- O- S theory of trade appears to be the most popular especially in policy circles.⁴ The H- O theorem predict the direction of trade. The empirical verification of H- O- S has been problematic and the controversy surrounding the empirical debate is known as the Leontief paradox.

There have been a variety of responses to the Leontief paradox. One response is to argument that the assumptions of H- O- S are violated. As well – known, the H-O-S theory of trade entails a number of unrealistic and consistently violated (by reality that is) assumptions such as full employment, balanced trade, similarity in preferences across

⁴ In Ricardo’s theory of trade, comparative advantage was based on differences in techniques of production, rather than on endowments as well as differences in distributive conditions within countries. Neo-ricardians interpret Ricardo’s theory to stress the technological differences and distributive conditions that give rise to trade, rather than the comparative advantage point associated with Ricardo.

countries, same technological blueprints, perfect competition, constant returns to scale, immobility of factors of production, non – reversibility of factor intensities and the like. These are clearly problematic assumptions as unemployment is a persistent condition and trade imbalances over long periods of time are also common features of the international economy.

Another response has taken the form of sharpening the econometric techniques to verify the H- O- S. A third response has been the development of what so called New Trade Theory (NTT), which is not bound by the unrealistic assumptions of H- O- S. NTT has incorporates assumptions such as imperfect competition, increasing returns to scale and emphasizes technical change, technological gaps, technology transfer, innovation, product cycles, uneven development, cumulative causation and the like. In fact even though the techniques of the NTT are somewhat “new”, many of these building blocks can be found in the works of Smith and Marx, and are common to analyses of trade within the Marxian and post- Keynesian traditions more generally (Cagatay 1994) which has a long lineage of theories of “uneven development” and “unequal exchange”.

The policy implications of NTT, however, are not so straight forward as the H- O- S. Once the assumptions get messy, the policy prescriptions are no longer simple and they entail strategic trade policy in many instances. Because of this, H- O- S still maintains its explicit or implicit supremacy in policy dialogues and policy formulation. The mental space it occupies among policy makers and in academia has even been justified by one the principal architects of NTT, Paul Krugman (1987) in an article title “Is Free Trade Passe ?” . His answer to this question is a definite no on the basis of the argument that it provides a simple rule of thumb for policy (never mind the thumb may be pointing in the wrong direction).⁵

However, the violation of the assumptions of H- O- S also lead to a violation of the **principle of comparative advantage**. Heterodox economists such as Shaikh (1980, 2003) and Milberg (1994) provide critiques of this principle. Shaikh begins by pointing out that the empirical evidence does not support the orthodox claim that trade liberalization leads to increased growth rates and to balanced trade between countries. He argues that it is not the real world that is “imperfect” in the way it lives up to trade theory, but rather that the theory itself is inadequate. He proposes an alternative trade theory, one that is based on the principle of “competitive (absolute) advantage” according to which globalization is expected to favor the rich over the poor and developed over developing countries. From such a theoretical perspective the empirical and historical phenomena of globalization do not entail “imperfections” that can be corrected but rather they reflect the predictable outcomes of trade liberalization policies themselves.

Milberg (1994), similarly provides a critique of the theory of comparative advantage from a Keynesian/ Marxian perspective. Marx and Keynes both rejected the concept of comparative advantage both in its positive and normative forms, meaning both in terms of the ability of the theory to predict patterns of international trade and its policy implications. This is because of the problematic assumptions of full employment and the

⁵ See Cagatay (1994) for a discussion of NTT for further details.

existence of an automatic price adjustment mechanism that brings about balanced trade in each period. Marx and Keynes both insisted on the monetary nature of production, and viewed the persistence of unemployment (reserve army of labor in Marx's terminology) and excess capacity as inherent features of capitalist production. Following this line of critique of comparative advantage, Millberg develops an operational post-Keynesian/Marxian model of trade based on the principle of absolute advantage that stresses the role of **innovation** in international competitiveness.⁶ Similar to the argument put forth by Shaikh, he argues that from such a perspective, for developing countries there is no guarantee that specialization in international trade will bring about "catch up" with advanced capitalist countries. The policy implications of this approach include a renewed role for the state in providing incentives for innovation, skills development and organizational capabilities and infrastructure in order to render an economy internationally competitive.

Given these critiques of the foundations of mainstream trade theories, there are several questions to reflect upon: To what extent are mainstream trade theories useful in understanding gender concerns? If these theories are not adequate for understanding patterns of trade and growth, can they be useful for understanding gender and trade? Can gender concerns be integrated into the critical approaches proposed by Shaikh and Milberg? And if yes, how?"⁷ These are some theoretical questions which need to be addressed by feminist economists and heterodox economists regardless of the peculiarities of the regions of the world economy they empirically investigate.

Two other theorems associated with the H-O-S theory predict the distributive implications of international trade (between autarky versus free trade positions). These are the Factor Price Equalization Theorem (FPET) and the Stolper- Samuelson Theorem (SST). The H-O-S framework always showed that there would be winners and losers from free trade and that free trade would be optimal **only** when the winners compensate the losers (an often forgotten aspect of trade policy). The distributive theorems have been used in recent research and debates on the distributive consequences of trade liberalization especially to interpret the empirical evidence on widening wage disparities between skilled and unskilled workers in the North. The relationship between wage inequality (among skilled and unskilled workers) and international trade has been widely debated in the "gender-blind" mainstream literature. Distributive theorems of Heckscher-Ohlin- Samuelson (H-O-S) theory of international trade, still the workhorse theory taught in text books despite its unrealistic assumptions, deals with the implications of moving from a state of autarky to "free trade" for individuals within each nation with different endowments, whether in terms of "factors of production" such as labor and capital, or

⁶ The persistent nature of unemployment or the "reserve army of labor", is very germane to constructing a feminist approach to international trade as will be argued below. Likewise, the role of innovation in international competition (and in competition in general) is very important to understanding trade patterns from a gendered lens. It is also true that capitalist production is inherently a monetary process. However, what these theories leave out is the sphere of the unpaid care economy (which is not inherently non-monetary but remains non-monetary to a large degree).

⁷ An example of how these approaches can be engendered is provided by Houston (2004) "International Trade Competitiveness and Gender Inequality: Testing a Social Gap Model".

more recently skilled versus unskilled labor. If developing countries have a comparative advantage in goods whose production require intensive use of unskilled labor as it is generally presumed to be the case, trade liberalization would have the effect of closing the wage differential between skilled and unskilled types of labor. Moreover, to the extent that a greater proportion of unskilled workers in developing countries are women than men, the gender wage gaps would also decrease after opening up to trade. In industrialized countries the opposite would happen, as the gap in the wages of skilled and unskilled workers would increase. However, these predictions do not hold true, for example in the case of Latin American economies. (Wood (1991). Therefore, many trade economists have argued that such patterns are better explained by technical change which leads to increased demand for skilled workers and renders unskilled workers redundant.

Even though the principal of comparative advantage and the H-O-S with its “freed trade” policy prescriptions continue to maintain a strong hold on the imagination of policy – makers, there have been shifts toward reconsideration of these positions among mainstream economists. Dani Rodrik’s (2001) monograph “The Global Governance of Trade as if Development Really Mattered”, written as a background paper for UNDP’s 2002 book *Making Trade Work for People*. is one such example. It provides a human development perspective to trade policy and advocates making trade policy an instrument of human development as opposed to the view that sees trade liberalization as a “substitute for development policies”. Rodrik argues that the WTO and multilateral lending agencies have come to view promoting development and maximizing trade as synonymous, to the point where the latter easily substitutes for the former. The net result is a confounding of ends and means. Instead of asking ‘How do we maximize trade and market access?’ negotiators should ask, ‘How do we enable countries to grow out of poverty ? since economic growth is rarely sparked by imported blueprints and opening up the economy is hardly ever critical at the **outset**. (also see his work with Ricardo Hausman, a former ardent supporter of the Washington Consensus).

Indeed, not only it it the case that “free trade” may not be critical at the onset to inducing growth, but it may more likely be the agent of uneven development. A long line of literature within the Marxian/structuralist / post-Keynesian tradition have argued this position for a long time. Many have pointed to the uneven distribution of gains from trade. Unequal exchange theories, of which the Prebisch – Singer can be seen as a variant, have been advanced to explain uneven development. The idea that North-South trade can lead to declining terms of trade for the South is known as the Prebisch-Singer thesis. It was advanced half a century ago to explain uneven development. The original thesis was based on the difference between the primary commodities exported by the South and the manufactured goods exported by the North. Since then, there has been a lot of diversification of in semi-industrialized countries’ exports manufactured goods, however, this has not curtailed the decline in their terms of trade (Sarkar and Singer 1991; Maizels 2000). This is because the manufactured goods exported by the South are standardized commodities produced by less skilled labor, and are subject to price competition, where as the manufactured exports from the North are products with high technology and skilled labor content. With the latter types of goods, non-price forms of competition (such as product differentiation, advertising etc.) are more important than

price – competition. Since the international terms of trade determine the distribution of gains from trade, this is also a theory of distribution across countries. While there are many versions of unequal exchange and theories of uneven development, some, especially the Arghiri Emmanuel (1972) variant, emphasize the differences in the wage rates in the South versus the North as their starting point. The idea is that controlling for productivity differences, the wages in the South are much lower than in the North leading to higher rate of exploitation of workers in the South than in the North and also leading to “transfers of value” from the South to the North through the process of international investment which equalizes the rates of profit between the North and the South and through the process of international trade.⁸ One implication of these theories is that improvement of the wage rates in the South would lead to an improvement of the international terms of trade of the South vis- a vis the North.

Indeed such alternative theories of international trade (which are also theories of investment) provide useful entry points for gender analysis. With their emphasis on the differences in the conditions of the labor markets of the North and the South, the differences in the nature of the products exported by the South versus the North, the emphasis on technological gaps and differences across the North and the South such theories start with assumptions which fit the stylized facts much better than the mainstream approach of H- O- S. They have been fruitfully used by feminist economists as discussed below.

III. Gender and Trade Analysis Within the Mainstream

From the point of view of mainstream economics, one of the important debates has been about the effects of trade liberalization on gender-based wage gaps. From a neoclassical perspective, there are three reasons as to why these gaps may close.

The first argument is based on a simple supply and demand analysis to argue that women stand to gain more than men from both **trade liberalization** and **labor market deregulation**. In this view, trade unions keep wages above the market equilibrium rate by restricting the supply of labor, which mainly benefits a labor aristocracy that is predominantly male. Because labor market “deregulation” makes it harder for trade unions to restrict the supply of labor, wages can no longer be kept at an “artificially” high level. As a result, the overall level of employment expands, and it becomes easier for those out of the labor aristocracy who were hitherto unemployed or marginally employed to find jobs. Thus, it is argued that women as a marginalized group in the labor market would improve their chances of employment when labor markets are freed of distortions created by unions. This means that any set of policies that promote labor market

⁸ See Brewer for an extensive discussion of a variety of theories of uneven development and unequal exchange. There are Marxian and neo- Ricardian versions of unequal exchange. The Marxian versions are grounded in the labor theory of value and are an application of ‘the transformation problem’ in value theory analysis, hence reference to the ‘rate of exploitation’ and ‘transfers of value’. The P- S thesis is not grounded in the labor theory of value, but can be seen as a variant of unequal exchange (Bacha 1980). Indeed value chain analysis, which has become more popular of late, can also be seen as consistent with the unequal exchange approach.

deregulation is expected to benefit women.⁹ As discussed below, institutionalist and feminist economists, among others, take issue with these arguments.¹⁰

Another recent argument that makes the case that trade liberalization would close gender-based wage gaps is based on Gary Becker's theory of discrimination (Becker 1971). According to this view, any form of discrimination that gives rise to wage gaps between different groups of workers becomes too costly when the level of competition increases. Employers that want to discriminate against workers pay a price since they choose not to hire workers of equal ability at lower cost. Becker argues that this type of behavior is only possible for firms that are in industries shielded from competition. Since opening up to trade results in increased competition, it makes it much harder for firms' to keep paying wages that are higher than what they would be paying had they hired the workers they like to discriminate against. In other words, by hiring workers belonging to a particular group that is subject to discrimination firms can acquire a cost advantage over their competitors who continue to discriminate. But, as more and more firms try to exploit this cost advantage, the wages of all workers would tend to equalize.

The argument that women stand to gain more than do men from trade liberalization can also be made on the basis of mainstream H- O- S trade theory. As discussed above, if developing countries have a comparative advantage in goods whose production require intensive use of unskilled labor as it is generally presumed to be the case, trade liberalization would have the effect of closing the wage differential between skilled and unskilled types of labor. Moreover, to the extent that a greater proportion of unskilled workers in developing countries are women than men, the gender wage gaps would also decrease after opening up to trade. In industrialized countries the opposite would happen, as the gap in the wages of skilled and unskilled workers would increase. In this instance, however, the gender wage gap would rise, if women in greater numbers than men happen to be unskilled workers in developed countries as well. This argument is different from the Beckerian argument in that it asymmetric between developing and developed countries and it does not address the question of discrimination, that is in neoclassical terms, that part of the wage gap which can not be explained by differences in skills and work experience or human capital variables.

Perhaps because the previous argument based on Becker's theory of discrimination is of much broader generality, it has of late become more popular among mainstream economists. It provides a simpler defense of trade liberalization from a gender point of view without any need to distinguish between developing/developed countries, or between skilled/unskilled workers. It is simply based on the notion that increased exposure to trade, no matter what the context, would tend to decrease gender based wage gaps by rendering discrimination more costly to employers.

⁹ While trade unions, like all other institutions including the state and the family carry gender-bias, achieving gender and general social equality in labor markets can-not be accomplished through men workers' disempowerment vis-à-vis capital, but rather through women workers' increased empowerment with men workers on an equal footing and vis -a- vis capital.

¹⁰ See Cagatay (1996; 2001) for a more detailed discussion.

On the surface, then, gender wage gaps in developing countries should decrease. However, one complicating factor in this story is the empirical findings which contradict the predictions of H-O-S theory of trade and the Stolper- Samuelson theorem. There has been a further polarization among the wages of skilled and unskilled workers in some developing countries, particularly in Latin America (that is gaps between skilled and unskilled workers have increased) while such gaps tended to decline in the case of East Asia¹¹. Thus it is quite possible that gender gaps can **increase** in the aftermath of trade liberalization if a country is experiencing an increase in skills gaps.

On both theoretical and empirical grounds, feminist and other heterodox economists take issue with neoclassical economists' arguments that trade liberalization and labor market deregulation are beneficial to women. They argue that if labor market deregulation and weakening of labor unions improve the relative position of women, that is more through 'downward harmonization' whereby men lose ground than through any significant improvement in women's position in the labor market. In their view, labor market institutions result from a complex process of historical evolution, and thus it would be simpleminded to think that by getting rid of trade unions obstacles against women's employment can be eradicated, even in instances where trade unions are indeed dominated by men. The persistence of gender segmentation across and within sectors of the economy, which seem to change only gradually over time if ever, underscore the multifaceted nature of gender differences in labor markets. .

In relation to Heckscher- Ohlin – Samuelson theory of trade, as mentioned above, it is well known that once the assumption of full employment is dropped, the positive welfare conclusions of the theory no longer follow. Thus, instead of a heavy reliance on deductive theorizing based on unrealistic assumptions, feminist economists prefer an inductive approach where they study how trade policies are *actually* mediated through labor market institutions, power relations and other social and political variables. Contrary to the main premise of Becker's theory of discrimination, they find that increased competition might reinforce gender discrimination, just as gender inequalities might bolster rather than inhibit economic competitiveness. As discussed below, they show how gender inequalities have played an important role in enhancing the international competitiveness of developing countries that have relied on a strategy of growth based on the export of cheap manufactures, and how this mode of greater integration with the world economy has reshaped and reconstituted gender inequalities in these countries.

IV. Feminist Approaches to International Trade

¹¹ See Wood (1997) for a comparison of Latin America to East Asian where skill gaps closed. On increasing skill gaps in Latin America, also see Hanson and Harrison (1999), Feenstra and Hanson (1995).

In contrast to mainstream economists, feminist economists start from different methodological premises and ask a broader range of questions.¹² They redefine the sphere of economic analysis to include the unpaid domestic and community labor, and examine how social relations that also embody gender inequalities interact with economic outcomes in different historically specific circumstances. Interested in understanding the social conditions of what has been historically referred to as “women’s emancipation, feminists’ traditional focus is often on the historical processes through which women become wage workers, or proletarianized, in the context of capitalist (and especially industrial) development and integration into the world economy, which takes many forms. Because women historically have had a disproportional responsibility for performing unpaid domestic labor, traditional Marxian analyses emphasized that women would also sow the seeds of their “emancipation” (now referred to as empowerment) by beginning to earn their own income and integrate into the working class. Yet, feminist economists recognize that women’s ability to earn an income need not automatically result in “empowerment” and an increasing bargaining power within the household (Elson 1999).

But, given the potential of labor market participation to empower women (Elson 1999), feminist economists are keenly interested in understanding the obstacles against the expansion of women’s paid employment. They study why labor markets can be highly segmented and gender segregated, and how these patterns of segregation and segmentation can persist but also evolve through industrialization and major policy shifts such as trade liberalization. The increased participation of women in employment is examined not only in the context of labor market dynamics and patterns of segmentation, but also in relation to their impact on the reproductive economy. The benefits of increased command over income are weighted against whether the responsibility of women for the burden of unpaid work within the household and the community is lessened in relation to that of men.

Posing questions different than what mainstream economists do, feminist researchers have produced complex findings with regard to changing gendered patterns of work in the context of globalization. In particular, they have shown that the impact of international trade and investment policies have been different on women and than on men, and with differentiated effects on women (and men) in different social classes and types of economies.

Feminist economists (as well as institutionalists and a variety of heterodox economists would have a different perspective on the relationship between trade performance, trade liberalization and labor market deregulation, on the one hand, and gender relations and inequalities on the other. The methodological starting points may be summarized as follows:

1. Feminist economists have explored the role that gender inequalities have played in international competitiveness and patterns of competition, as well as, the role

¹² Needless to say feminist economists also disagree among themselves on many aspects of these questions as we discuss below. These remarks are meant to make the general distinctions between mainstream neoclassical economists and feminist economists.

that international competition plays in reshaping and reconstituting gender inequalities, starting from the basic premise that gender relations permeate all aspects of economic life and mediate the outcomes of all economic policies. Feminist economists have argued and demonstrated empirically that there is a two-way relationship between gender inequalities and trade performance.

2. Feminist economists put an emphasis on the complex (sometimes complimentary and sometimes contradictory) relationship between different types of inequalities (based on gender, class, as well as inequalities across countries), as they are concerned with not only gender relations but also the role of other types of social relations (which are also power relations) in the determination of economic outcomes and patterns of accumulation and vice versa.

3. Feminist economists emphasize the fact that labor markets are highly segmented (although patterns of segmentation may change over time) and that outcomes of trade policies would be mediated by the labor markets institutions, which would include labor laws, social norms, trade unions as well as employers' behavior. They have argued that all **institutions** are bearers of gender bias in ways that are specific to the context of an economy and society.

4. Feminist economists would redefine the sphere of economic analysis to include unpaid domestic labor and community labor to understand the relationship between production and reproduction and what roles international trade and accumulation in general play in that interaction.

5. Feminist economists do not generally presume that the economy operates with full employment. Unemployment, underemployment, disguised unemployment, discouraged workers and what is until recently referred to as "atypical work" are not anomalies, but regular features of capitalist production and reproduction processes.

6. Feminist economists accept that capitalist production is inherently a monetary process, but they also recognize that needs are provisioned not only through exchange and commodification, but also through reciprocity.

7. Feminist economists emphasize the fact that gender relations (alongside other social relations) determine who owns what, who gets what and who does what in an economy. To put it in more economic terms, these relations influence distribution, value and accumulation processes (which are the main analytical starting points of classical political economy).

All these different methodological starting points have led to different questions as well as different interpretations of a variety of empirical findings on gender and trade. The areas of research in many instances can be usefully further investigated in the Latin American context. So far, the following "stylized facts" and "pointers" have emerged from feminist research:

(a) In addressing the impact of international trade on patterns of employment, feminists have argued and shown that there has been a general process of **feminization** of the labor force and feminization of the conditions of work (meaning informalization, casualization and general disempowerment of workers vis a vis capital) for all workers in the world economy. The former (that is feminization of the labor force) is also consistent with expectations of neoclassical economists and indeed constitutes one of the reasons for the defense of globalization (e.g Bhagwati 2004), but the interpretations and explanations put forth by feminist economists are very different from those put forth by neoclassical economists. Neoclassical may view this phenomenon as “good for women” or as a “window of opportunity for women”, while feminists view feminization of the labor force as a “**contradictory**” phenomenon from the point of gender inequalities as *this general* trend disguises a number of complications and countertrends which may not be so beneficial from the perspective of women and especially poor women. (Cagatay 2001, Cagatay and Erturk 2004).

(b) In most industrialized economies, the trend was generally the opposite, that is the effects of trade liberalization were accompanied by **defeminization** through labor shedding in female-intensive sectors apparel and textiles (Kucera and Millberg 2000). With the entry of China into the WTO and the phasing out of MFA, it is likely that these effects (which have been so far observed in industrialized countries) may be observed in middle income countries and even in low income countries such as Bangladesh which have relied heavily on a feminized textile and apparel sectors in their export drive.

(c) The trend towards feminization of paid employment seems to have been **weaker** in predominantly agriculture-based economies, where trade liberalization may in fact have *jeopardized* women’s livelihoods and well being. Trade liberalization also leads to import competition displacing smaller and weaker farmers who are more likely to be women and when new markets emerge, in general, women are slow to take advantage of such opportunities that emerge because of their relative disadvantages in accessing credit, new technologies and marketing networks, etc. Fontana et. al. (1998) point out that the impact of these changes is likely to be more severe for women-headed households and poor women. This is an area that needs further investigation.

(d) Moreover, as Joeke (1999) has argued, in instances where unpaid family work is the prevalent norm, the livelihoods of poor women tend to be adversely affected by the corrosive effect of market liberalization on the environment and common property resources. In economies where self-employment or unpaid family work is more prevalent, gender-based differences in resource control have more adverse consequences for women than they do in semi-industrialized economies where there are more opportunities for wage labor (Joeke 1999). As pointed out at the very beginning, what matters is not simply the nature of the policy, but the economic and social context in which a policy is implemented. It is, therefore, important to contextualize the analysis of the effects of trade policies as opposed to assuming on an a-priory basis what the effects should be based on a presumption about equal access and control over resources (or a notional capitalist economy). In the latter, gender inequality in pay may make women the preferred workers, leading to feminization of employment. In the former, the impact of

trade liberalization is mediated more forcefully by what happens to common property resources and gender differentiation in private property rights within poorer and rural households. So a comparative study of countries classified according to the prevalent types of labor use in agriculture (e. g. family based, versus large commercial firm based agriculture versus common property use) may yield further insights into patterns of work and trade.

(e) Another important observation is that feminization of the labor force might prove temporary and can be reversed as production moves up the skill ladder at later stages of export- promotion (Joeques 1995, Pearson , Fussel 2000). Thus the degree of feminization is related to the **technological** characteristics of production. Although this “stylized fact” has emerged from work on Mexico among other countries, it can still be usefully investigated in other Latin American countries which are at similar stages of the product cycle in Latin America.

(f) The increase in paid employment might end up raising women’s overall work burden if no corresponding reduction lowers their unpaid household labor. This is another area which needs further empirical investigation in the context of a **variety** of economies including those in Latin America.

(g) Market liberalization can cause **polarization** among women as it creates ‘winners’ and ‘losers’ even when female labor force participation and employment rises in the aggregate and compared to that of men in a particular economy). This phenomenon requires further empirical investigation in specific countries and gender-specific evidence is scarce, but it is quite possible that polarization among skilled and unskilled workers that had been observed (for example in Latin America) may be replicated among women as a result of import competition that is concentrated in informal work, among small farmers, in small firms and among low-skilled workers.

(h) Feminists have explored the **role of gender based wage gaps** in the trade policy outcomes. In *outward –oriented semi-industrialized countries*, gender gaps in manufacturing wages have been found to be associated with higher economic growth (Seguino 2000). In some semi-industrialized economies, such as those in East Asia, the high growth rates that are associated with increased international trade might have been achieved at the expense of gender equality in labor markets. One implication is that international trade and investment liberalization policies thus provide a context and an incentive to individual countries to repress women’s wages to stay competitive and attract foreign investment. In fact, work conditions observed in EPZ and the policy – induced erosion of labor standards in EPZs where women constitute a large share of the labor force point in this direction. Another implication is that **gender based discrimination is an instrument for international competition and international competitiveness. This is consistent with the theories of competitive advantage and absolute advantage put forth by Shaikh and Millberg, mentioned above, but is not consistent with neoclassical approaches. It would be fruitful to consider these theories as useful frameworks for understanding the dynamics of international trade and gender.**

(i) Gender gaps in wages have also been explored in the context of theory of unequal exchange and in particular the P- S version (Osterreich 2003, 2004). Here the causality goes from gender based wage gaps to terms of trade. More specifically, it has been found that in semi-industrialized economies, the higher the gender-based gaps in the manufacturing sector, the lower is the manufacture – manufacture terms of trade of that country vis- a vis its industrialized trade partners. What these findings imply is that though gender-based wage differences can create a competitive advantage for semi-industrialized countries, they might at the same time be responsible for a slow but steady deterioration in this group of countries' terms of trade as a whole vis-à-vis industrialized countries. As argued by Joeke (1999), gender relations and inequalities have been a central driving force of the evolution of the international economy and gender discrimination has been a contributory factor to the structural limits placed on the ability of low- income countries to benefit from international trade as originally put forth by Raul Prebisch and Hans Singer in the 1950s. The Prebisch – Singer thesis, a critique of mainstream international trade theories and trade liberalization policies, has resurfaced in the context of current globalization debates and the observed patterns of trade, growth and development. The implication of these arguments and the empirical findings is that elimination of gender inequality in labor markets should be a central focus of policy not only for equity purposes but also for maximization of development gains from trade.

(j) Contrary to the claims of neoclassical economists (as discussed above from a theoretical point of view), gender based wage gap have been persistent and **there is no clear evidence that increased international trade helps erode these gaps**. An often quoted study on the impact of trade on gender wage gaps is by Sandra Black and Elizabeth Brainerd's (2002) study on the U.S. economy¹³. Using manufacturing data for the U.S. between 1976 and 1993, the authors find support for Becker's thesis that in less competitive industries the gender wage gaps decreased as a result of import competition.

A closer scrutiny of the empirical patterns reveal that in those cases where the gender wage gap diminished, this has come about as a result of *downward* harmonization of men's wages, which is an undesirable mechanism, in other cases the claim that increased trade related competition would lower the gender wage gap does not seem to generally hold or may have lead to an increase in wage gaps or the reduction of wage gaps may be a manifestation of disproportionate labor shedding of unskilled low-wage women workers (Berik 2000, Berik et. al. 2002, Kongar 2002 and Kongar 2003).¹⁴ The negative

¹³ This happens to be Bhagwati's favorite example in his defense of the argument that trade liberalization is beneficial to women (Bhagwati 2004, p. 75 – 76). After describing the Beckerian argument as to why increased import competition should lead to a decreased gender wage gap, by making discrimination less affordable, Bhagwati concludes, "The remarkable thing is that Black and Brainerd find that this did actually happen, confirming the predictive power of sophisticated economic reasoning. p. 76"

¹⁴ Kongar (2002) shows that the reduction in wage gaps in less competitive manufacturing industries that Black and Brainerd (2002) demonstrate in the case of the United States economy between 1976 and 1993 as a result of increased import competition, came about through disproportionate job losses for women with lower pay, hardly a case for celebration on grounds of gender equality. Berik (2000) finds that in the case of Taiwan, when wage gaps close , they closed as a result of downward harmonization of men's wages. Berik et. al. (2002) find that in Taiwan and S. Korea for the 1990s, increased openness in less competitive manufacturing sectors actually led to *higher* gender gaps in wages, contrary to Beckerian arguments.

impact of **mobility of capital** on the relative bargaining power of women workers can explain in part why wage gaps have been relatively rigid (Seguino 2002, Berik et. al. 2002). However, different authors continue to produce evidence that seems contradictory at this point. What is contested is whether any reduction in gender wage gaps is taking place, and, if so what seems to be the cause of it.

Gender based wage gaps in earnings can have many underlying causes: gender segregation by occupation and industry; gender differences in education and skill acquisition; gender differences in the ability to get organized as workers.¹⁵ Some of these gender differences are diminishing over time, such as the gap with regard to educational attainment and in some countries the gap is reversed meaning women's educational attainment is higher than men's (UNIFEM 2000). There also appears to be a reduction in horizontal occupational segregation (Anker 1998; ILO 2003). These patterns should help reduce gender gaps in wages and earnings. However, what is happening to gender differences in skill acquisition or the ability to get organized as workers is not clear.

The implications of these findings for gender based gaps are not easy to sort out and there is little empirical work on the subject. However, a study by Artecona and Cunningham (2002) addresses this problem examining the movement of gender wage gaps in Mexico, a country which experienced widening of wage gaps between skilled and unskilled workers contrary to H-O-S. Using data from Mexican manufacturing between 1987 and 1993, they find that trade liberalization is associated with **higher** wage gaps, which they attribute to the increasing premium paid to skilled workers in the aftermath of trade liberalization and to general movements in the economy. When they purge the sample of these two effects, they "find suggestive evidence (significant at the 20 percent level) that trade liberalization leads to a **decrease** in wage discrimination (Artecona and Cunningham 2002, p. 18). They interpret these results as validating Becker's arguments that "trade may be beneficial to women by decreasing wage discrimination, but an improvement in women's relative wages will depend on improving women's skills to better compete in the newly competitive markets." (Artecona and Cunningham, p. 18).¹⁶ This interpretation while on the face of it appears to suggest that trade may be beneficial to women, however, in essence complements the arguments that have been put forth by feminist economists in the context of employment benefits of export – oriented industrialization. Many feminist economists have warned that the relatively beneficial employment effects of trade in the context of maquiladoras have not been sustainable as

¹⁵ Joekes (1995) makes a case as to why they are unlikely to close despite the feminization of the labor force.

¹⁶ For example, Artecona and Cunningham (2002, p. 6) argue that "technologies that are used in export-industries may be more suited to women's skills. ... employers often characterize women as being flexible, dexterous, docile, and more amenable to discipline (Chant 1991), which are skills that are more suited to "just in time" organization or total quality control (Fontana 1998). The demand for these skills would increase the demand for females thereby increasing their wage, relative to men." However, they also point out to two studies which show the opposite phenomenon, that after NAFTA, the jobs that were created were more suited for men (UNIFEM 1998) and that there has been a decrease in the share of women in maquiladora employment (Fleck 2003).

men tend to get substituted for women as skill requirements and skill content of exported goods increases.

Higher unemployment rates for women (see table below) is a persistent feature of the world economy and this is another macroeconomic “stylized fact” consistent with the expectation that wage gaps are not likely to close in an “automatic” way with increased international trade. Feminization of the labor force can be accompanied by persistently higher unemployment rates for women as often what drives women into the labor force is overall deterioration of income distribution (across households and between labor and capital). This also has an effect on gender – wise distribution as in many instances women’s rate of proletarianization is greater than the rate of absorption of women into employment helping preserve gender- based wage gaps.

This controversial topic also deserves further investigation in Latin America as well as in other contexts.

V. Concluding Remarks

The above discussion was meant to serve as a starting point for thinking for a new research agenda on gender and trade. Mainstream expectations about the benefits of international trade generally and with regard to women have not born out. Critical voices on international trade are gaining ground. It is extremely important for feminist economists to engage with those holding critical perspectives both for the purpose of usefully employing frameworks developed by such economists and also for the purpose of improving upon them through feminist insights. Such critical economists also suffer from gender – blindness, but their frameworks are more conducive to gender analysis.

Feminist economists have produced a rich set of research findings which are consistent with the arguments of heterodox economists. These need to be synthesized and integrated into the general debates over trade and trade policy both for achieving gender equity and for the formulation of trade policies which are oriented toward growth and human development.

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APPENDIX

TABLE I

Table 1. Women's share in the economically active population

Region	1960	1970	1980	1990	2002
World	36.5	37.8	39.0	40.4	40.7
Developing countries	37.5	38.4	39.1	40.0	40.1
Africa	39.8	40.1	40.2	39.7	40.5
Northern Africa	24.0	26.0	27.4	25.2	25.7
Sub-Saharan Africa	43.4	43.3	43.0	42.8	43.6
Latin America and the Caribbean	20.9	23.5	28.0	33.5	38.9
Central America and the Caribbean	20.4	23.1	28.7	31.8	35.0
South America	21.1	23.8	27.6	34.3	40.6
Asia	37.1	38.0	38.9	39.9	39.5
West Asia	28.8	27.2	26.1	23.9	26.1
Central Asia	42.5	46.9	47.8	46.1	47.0
South, East and South-East Asia	37.4	38.3	39.3	40.5	40.0
Oceania	38.4	38.5	39.3	39.5	42.9
Central and Eastern Europe	46.4	47.8	47.8	47.3	47.8
Developed countries	32.3	35.2	38.7	42.4	44.1
America	31.2	35.9	40.9	45.0	46.0
Europe	31.2	33.5	37.2	41.0	43.5
Others	37.4	38.0	38.1	40.8	41.4

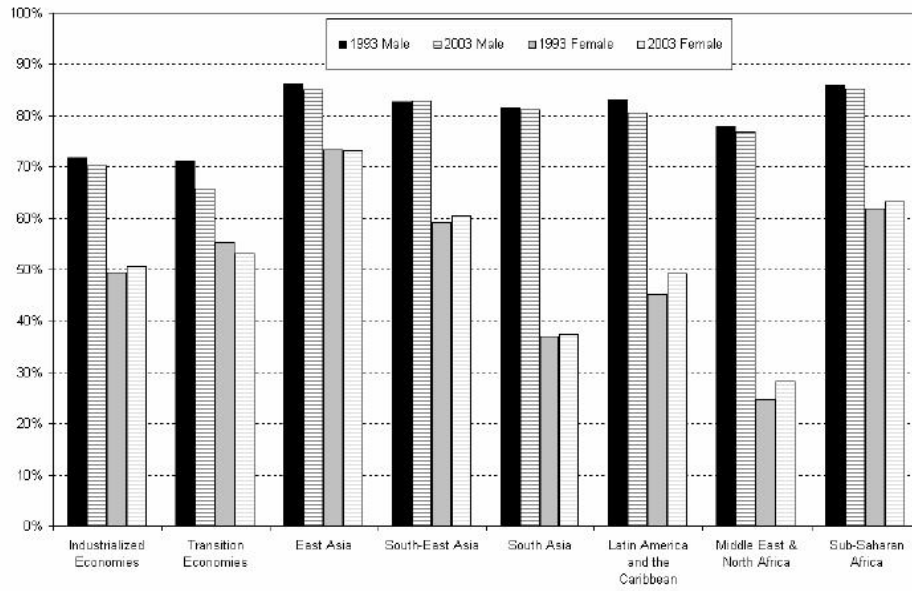
Source: ILO.

Source: UNCTAD (2004, p. 5)

UNCTAD. 2004. *Trade and Gender: Opportunities, Challenges and the Policy Dimension* TD/392, 5 April, Geneva.

FIGURE 1

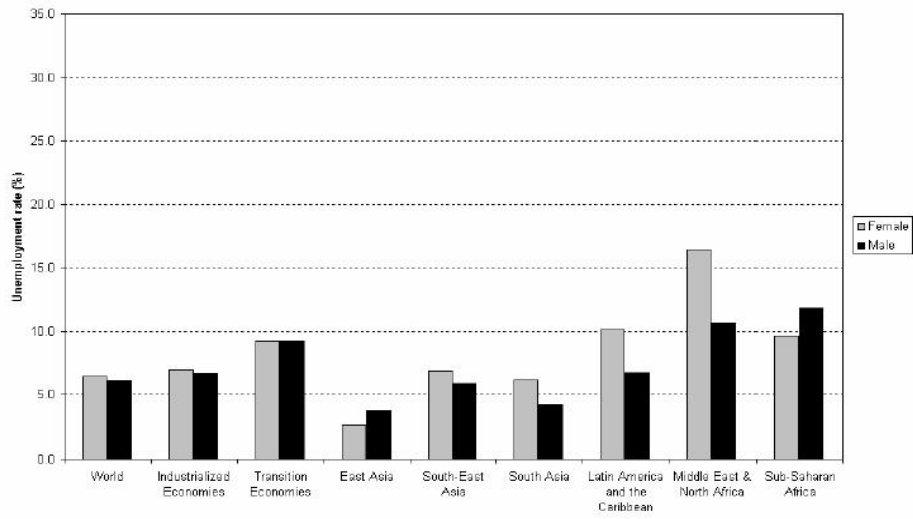
Figure 2: Labour force participation rates, by sex and region, 1993 and 2003



Source : Elder and Schmidt (2004, p.4)

FIGURE II

WORLD AND REGIONAL UNEMPLOYMENT RATES, BY SEX, 2003



Source : Elder and Schmidt (2004, p.7)

FIGURE III
CHANGES IN FEMALE SHARE OF WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR,
EARLY 1980S, MID-1990S, LATEST DATA AVAILABLE

CHART 4: Changes in Female Share of Wage Employment in Non-Agricultural Sector, Early 1980s, Mid-1990s, Latest Available Data

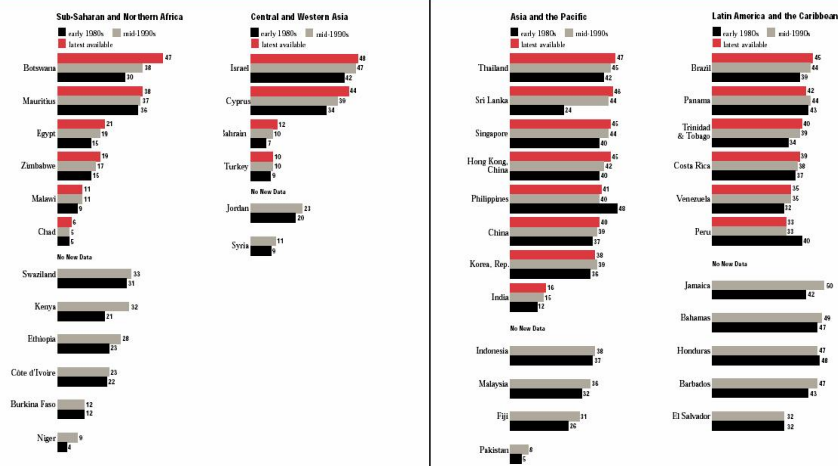
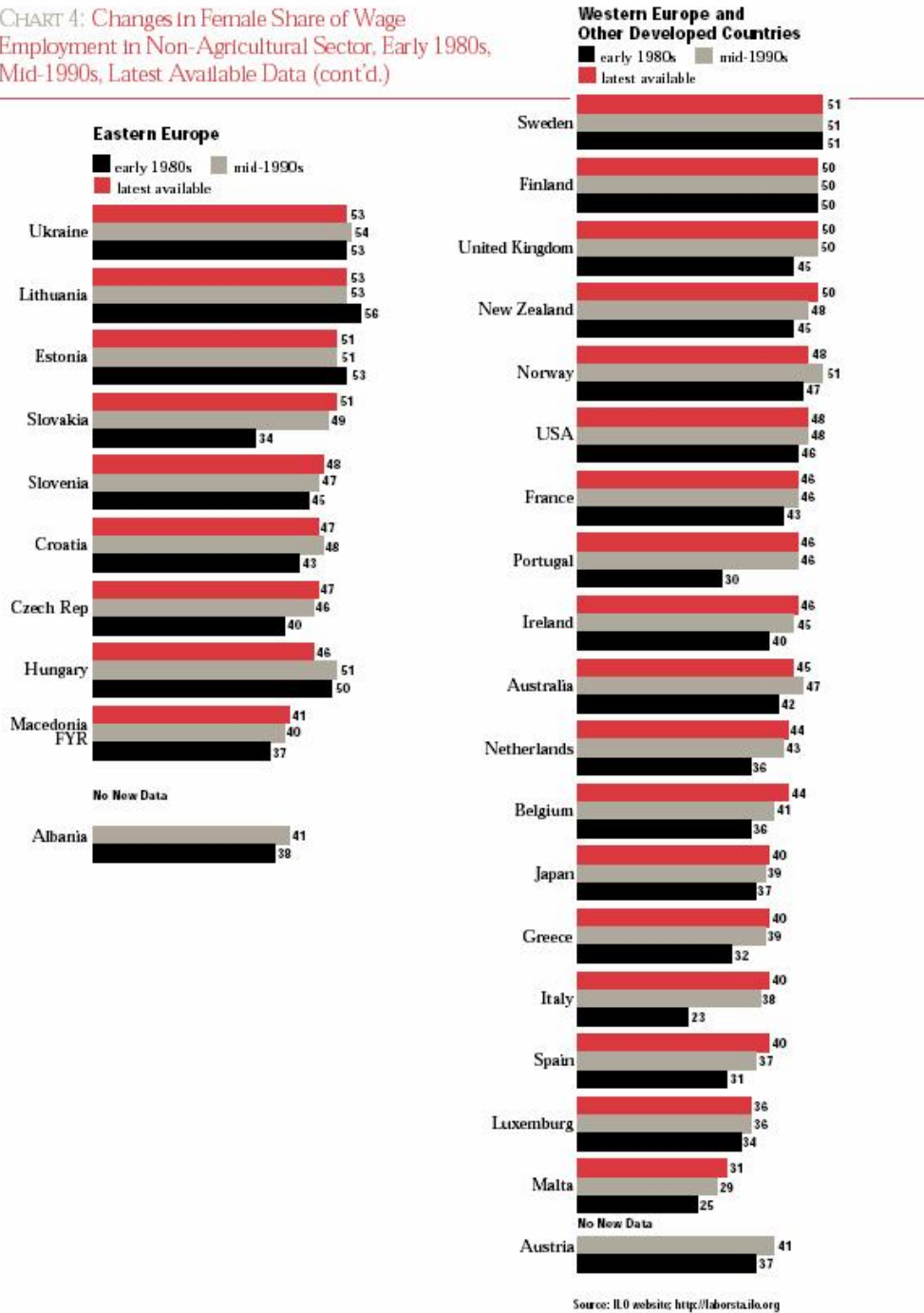


CHART 4: Changes in Female Share of Wage Employment in Non-Agricultural Sector, Early 1980s, Mid-1990s, Latest Available Data (cont'd.)



Source: UNIFEM (2003)

TABLE II
ESTIMATES OF THE DEVELOPMENT OF EXPORT PROCESSING ZONES

	1975	1986	1995	1997	002
No. of countries with EPZs	25	47	73	93	116
No. of EPZs	79	176	500	845	3 000
Employment (millions)	n.a	n.a	n.a	22.5	43
– of which China	n.a	n.a	n.a	18	30
– other countries for which figures available	0.8	1.9	n.a.	4.5	13
Total countries for which data were available (108)					

Source: ILO (2003)

(ILO calculations based on a variety of sources including zone administrations, national statistics, web sites, published articles, estimates and responses to ILO surveys, updated to Dec. 2002.)