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Feminist Economics and its critique of Mainstream Policy perspectives

Starting Point: Mainstream Economics is gender blind. It is based on an incomplete understanding of how economies work. It promotes introduction of policies which disadvantage women, especially poor women.

Empirical and Conceptual work – incorporate social reproduction and gender inequality variables in macroeconomic analysis of trade, growth and distribution.

Neoclassical Economics

Inequalities are assumed to exist outside structures
Economy is a gender neutral structure
Reproduction is ignored (non monetized sector)
Universal Behaviourial Assumptions (rationality and optimality)
Endowments are given
Institutions exist outside the traditional theoretical framework (given)

Analysis: Growth (full employment of resources) and Efficiency (principle of allocative efficiency). Gender is a market imperfection and gender inequities are exogeneously given.

Goal and conclusion: Optimality of the Free Market Mechanism (Invisible hand)

Feminist Economics

Patriarchy as a process – Unequal Power Relations between men and women- operates through perpetuation of socio-economic inequalities that are gendered in the global economic order.

Ethical position: to create an equitable world

Analytical Position: Gender, Race, Class, Caste, Ethnicity, Nationality as categories of analysis; Social embeddedness of economic behavior (Intersectionalities are important)

Reconceptualization of the Economy: (sphere of reproduction and the Care economy)

- The economy is permeated by social relations and inequalities which are also power relations
- The economy is a gendered structure
- Production and reproduction are interrelated
- Men and Women often differ in economic behavior and command and control over property, resources, labor and decision making
- Institutions (e.g. Markets, Households, State) as bearers of gender, class, racial and ethnic bias

Mainstream Economic Theory Trade and Gender

- *Optimality of Free Trade* (HO- SS- FPET). However even here distributive implications 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).
- Several positive outcomes of trade liberalization for developing countries typically found to be abundant in unskilled labour. These include *increased efficiency of resource allocation, higher growth along with an increase in employment opportunities and wages for unskilled labour, and a reduction in wage and income inequalities*.
- Critiques: Unrealistic Assumptions and absence of Empirical validity.
- Heterodox trade theory as well as NTT (attempting to incorporate more realistic assumptions within mainstream) policy implications 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. Indeed, not only is 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.
- Continued dominance of mainstream – advocacy of free trade – Ideology/vested interests/ simple rule of thumb (away from messy policy prescriptions).
- 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- if yes, how?

Implications for Gender and Trade of Mainstream Economics

- The language of market imperfections and exogenous institutions
- Trade – increases competition/ expands job opportunities in export oriented Industries- expansion of employment (feminisation of labour force)/ narrows gender wage gaps – demand and supply analysis/HO-SS theory / discrimination theory (Becker 1971).

Feminist Contributions to theory of trade and gender
(Cagatay 2006).

Broader range of questions AND Different methodological premises

Focus – interaction between social relations that also embody gender inequalities with economic outcomes in different historically specific circumstances.

Objective - Understanding the social conditions of the historical processes through which women become wage workers, in the context of capitalist (and especially industrial) development and integration into the world economy, which takes many forms.

(However- increased ability to earn an income – no simple translation- “empowerment” and an increasing bargaining power within the household (Elson 1999).)

Study evolution and persistence - patterns of segregation and segmentation-industrialization and major policy shifts such as trade liberalization - context of labor market dynamics and in relation to their impact on the reproductive economy (intra household dynamics).

Range of complex findings - changing gendered patterns of work in the context of globalization - differentiated effects of trade liberalisation on women (and men) in different social classes and economic structures.

The methodological starting points may be summarized as follows:

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

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.

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.

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.

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.

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.

Feminist economists emphasize the fact that gender relations (alongside other social relation) influence distribution, value and accumulation processes.

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. So far, the following “stylized facts” have emerged from feminist research:

- Feminists (alongside others) have 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).
- In most industrialized economies, 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. India – mixed results predicted.(sweatshop conditions, low wages, informalisation and flexibilisation of workforce).
- 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.
- Moreover, as Joekes (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 economies where there are more opportunities for wage labor (Joekes 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-priori 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.

- 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 (Joekes 1995, Pearson, Fussel 2000). Thus the degree of feminization is related to the technological characteristics of production.
- 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. (e.g. Fontana 2003)
- 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.
- 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.
- Another implication is that gender based discrimination is an instrument for international competition and international competitiveness. This is consistent with heterodox trade theories but not with neoclassical approaches. It would be fruitful to consider these theories as useful frameworks for understanding the dynamics of international trade and gender.
- Gender gaps in wages have also been explored in the context of theory of unequal exchange. 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.

- Contrary to the claims of neoclassical economists, gender based wage gaps have been persistent and there is no clear evidence that increased international trade helps erode these gaps.
- 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.
- 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.
- Higher unemployment rates for women 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 rise in female labour force participation is greater than the rate of absorption of women into employment helping preserve gender- based wage gaps." INDIA – RECENT NSS Findings confirm the analysis

THE WAY FORWARD??

The beginning of 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 in general.

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, in the context of capitalist (and especially industrial) development and integration into the world economy, which takes many forms.

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).

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 different questions than mainstream economists, 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.