

# **Women and Children in the Global Economy**

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Third World economies have been reshaped, and their roles in the new world economic order redefined, by globalization. Nowadays, the global economic system is highly dependent on cheap labor supplied by developing countries. Despite their invisibility, women are actually key players in the global workforce, spending fewer years bearing and rearing children while devoting more time in the labor market. Privatization and other structural adjustments in the public sector, which usually provides stable jobs for them, result in mass layoff and less social services. In ecozones, women work long hours and suffer from health and psychological disorders, low wages, and do not enjoy their basic rights and full benefits. The lack of employment and livelihood opportunities in the rural areas forces the women to migrate not only to cities but also to foreign countries, exposing them to various work-related and cultural oppression. Women are likewise active in the informal sector whose precarious state deprives them of ample protection. Of the world's poor, women constitute 70 percent. With families to take care of, they cannot but pass on their poverty to their children, especially their daughters, who have to work to augment their meager income. Hence, women and children are the most adversely affected by globalization.

## **The “Third World” and Globalization**

“Third World” countries like the Philippines, Mexico and Indonesia, were distinguished from those of the industrialized free-market economies called the “First World” as well as from the industrialized centrally-planned economies called the Second World,” in terms of their poverty, materially less advanced quality of Life, lag in technical development, indebtedness, and vulnerability to macro and global economic conditions. They came to be called “Third World” in the 1960s.

By the late 1970s, countries of the “Third World were differentiated between, on the one hand, those with relatively higher economic growth (like Singapore, Taiwan and Korea which had acquired industrial status as “newly industrialized countries” or NICs) and petroleum-exporting countries (like Iran, Iraq and Saudi Arabia) which had attained the status of high-income, non-industrial Third World nations, and on the other, less industrialized and poorer ones which came to be known also as the “Fourth World.”

Today, national economies are intermeshed and on the whole, dictated upon by an orchestrated international trade dominated by global corporations. With the integration of the “Second World” into the global “free-market” economy, the former bases for distinctions between “First, Second, Third” and Fourth Worlds” could no longer hold. Some economists claim that the abolition of the regional trading structures the Third World” and the former Communist bloc and the dismantling in large part of their industrial base has led to what they term as the “Thirdworldization” of the former Soviet Union. Subsequently, developing countries are being collectively referred to as “the South” in contrast the leading industrialized, developed nations of “the North.”

In its latest World Economic Outlook report, the International Monetary Fund (IMF) announced its adoption of a new classification in the former “FirstWorld”/G-7 countries (U.S.A., Canada, Britain, Germany, France, Italy and Japan) and the NICs (Hong Kong, Korea, Singapore, Taiwan, and Israel), which it now calls ‘advanced economies.’

The IMF claims that it dropped the “old industrial country” label reflect the declining share of employment in manufacturing common to all these economies,” including “per capita income levels well within the range dictated by the group of industrial countries, well-developed financial markets, and diversified economic structures with relatively large and rapidly growing service sectors.” (*Philippine Daily Inquirer*, April 1997)

The national economies of the former “Third World” have been reshaped, and their roles in the new world economic order redefined. This was possible because of their indebtedness, now amounting to the staggering amount of two trillion dollars. The International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO) are the regulatory bodies working in line with dominant economic and financial capitalist interests which supervise the negotiation and collection of debts by the imposition of economic restructuring of national economies.

These regulatory bodies are critically viewed by many as instrumental in the dismantling of state institutions, the removal of economic borders, and the impoverishment of these countries. The IMF-sponsored reforms are blamed for paying a decisive role in bringing down the cost of labor, in the contraction of purchasing power, in bankruptcies and plant closures, and in massive unemployment. The global crisis is no longer confined to

any single region of the world. Debtor countries have become sites of cheap labor for labor-intensive export production (particularly in economic zones or ecozones), and a source of cheap overseas employment. Structural adjustment programs are perceived by some critical economists as having the hidden agenda of maintaining a vast reserve of cheap labor worldwide through general unemployment and underemployment effected through layoff, retrenchment, casualization, flexibilization, privatization, fiscal reforms (cuts), declaration of bankruptcies, and so on.

The global economic system is based on the consolidation of a global cheap-labor economy and the search for new consumer markets. But how can those who earn pittance eventually consume what is being sold in the markets? The former, therefore, undermines the latter.

### **Women: Key Players in the Global Workplace**

National accounts and employment statistics in the Philippines have tended to underestimate, ignore or gloss over women's contributions to the economy and the nation. Women's participation in the labor force is underestimated because the majority categorized as housewives are automatically excluded from labor force accounts. Women are shown to have a lower labor force participation than men, are less employed, and earn a third of men's wages. They are discriminated against in employment, and are therefore, forced into the less visible areas of the informal sector.

Despite their invisibility, women are actually key players in the global workforce. Since the 1970s, Filipino women's direct participation in the labor market has been increasing. Worldwide today, 45 percent of women aged 15-64 have or seek employment. In South East Asia, women represent up to 50 percent of the workforce in economic zones. On the whole, while male employment is higher than women's, it is failing in almost all regions of the world. In the Philippines, from 1992 to 1995, women's labor force participation (although much less than that of the men) increased more than men's, especially in the urban areas, ecozones and home-based production.

Women today spend fewer years bearing children and caring for them, and more in the labor market. While managing their own households, they work to support their families more and more (especially in times of crisis), and are willing to take on practically any job, wherever.

If women had not redoubled their efforts worldwide in agricultural production and in the informal sector, there would have been more pauperization and famine in the developing world. In Africa, for example, women produce 70 percent of the food. In the Philippines, women contribute anywhere between 40 to 60 percent of household income, and dominate the top dollar earning sector of overseas contract work, especially in services.

### **Women In the Public Sector**

Structural adjustments directly impact on the public sector which is often a stable source of secure employment for women.

The policy of privatization of state corporations is a basic IMP imposed requirement for borrowing countries. It has been presented as away of raising revenues towards debt amortization. Developing countries economic pragmatism and expediency in the face of balance of payments imperatives and the need to shift the burden of development from the public to the private, are given as the main motives for privatizing state-owned enterprises.

However, privatization not only really means a loss of state control for the divesting government, but is also a World Bank-sponsored way a creating a wider market for the world's investment community to obtain large amounts of state property at below stock market average rates CI bargain prices. These investors, many of which are natural monopolies have the potential to cut costs and exploit market opportunities. Their share in total privatization transactions worldwide has increased from percent in 1988 to 44 percent in 1993. In 1994, there were 81 publicly offered privatizations worldwide, 28 of which were sales by Asia-Pacific governments worth \$ 11.7 billion.

The Philippine governments letter of intent to the IMF has assured it of internal income generation and receipts from the privatization of its major public non-financial corporations.

Between 1986 to 1996, a total of 445 state-owned assets were sold, generating P174 billion in revenues. The sale, for example, of the Philippine government's Petron in 1994 and Fort Bonifacio in 1995, earned for it a total of P64 billion, reversing, for the first time, its deficit.

In 1995, the Philippine Mining Act (R.A. 7942) granted to foreign firms 100 percent control over a maximum of 81,000 hectares of Philippine national patrimony – mineral lands – for 25 years (renewable for another 25 years), tax-free on investment, 100 percent repatriation of profit in dollars, and other incentives.

In August 1997, the 119-year old Metropolitan Waterworks and Sewerage System (MWSS) was turned over to the private management of two concessionaires: Ayala with British firm Northeast Water and US-based Bechtel Overseas Corporation, forming what is now the Manila Water Company or MWC; and Benpres in joint venture with the French firm Lyonnaiso des Eaux. The MWSS privatization, deemed the biggest water service utility in the world, can very well turn out to be the biggest bargain ever.

Next to be privatized are the Philippine Heart Center for Asia, National Kidney Institute, Lung Center of the Philippines, and the Philippine Children's Medical Center. In addition, the government is preparing to convert some 70 hectares of the Tala Leprosarium in Caloocan City into a privately-managed commercial center/prime city." The government will retain only two of the eight sanitarium in the country.

The assets of state schools like the University of the Philippines (UP) are also being considered in more hybrid arrangements of privatization, such as Build-Operate-Transfer (BOT), Build-Operate-Own (BOO) and Build-Operate-Own-Transfer (BOOT), management contracts, and soon.

The UP through its Commonwealth Property Development Project (CPDP), plans to generate additional revenue for programs aimed at maintaining UP's position as the country's premier institution of higher learning...competitive with the best in the region and in the world." (CPDP Primer) The project is also pictured to benefit faculty, student and staff, UP will grant development and operational rights on its 101-hectare property for 75 years to what will be the joint venture corporation in exchange for what UP hopes will amount to P10 billion in shares, with mandatory 12 percent earnings per year. Both local and foreign firms are being considered to undertake the project.

However, UP students, faculty and staff are rejecting it. Those against the outright commercialization of the university view the CPDP as the road

to the privatization of the state university and the beginning of its demise as a people's university. In general, the proposed 75-year lease is viewed as a virtual privatization.

With privatization of government corporations usually comes the dismissal of public employees, many of whom are women government workers who abound in the education and health services.

In the Philippines, an umbrella organization of government workers' organization claims that, out of a total of about 1.4 million state workers, about 323,000 have so far been terminated as a result of privatization and re-engineering, and 330,000 more are being considered for layoff.

In the case of the MWSS, only 100 to 200 out of 5,400 employees will be retained after its take over by the private corporations. These 'privatized' employees will be automatically reverted to probation status, and the fear of the workers is that they will eventually be laid off.

Privatization and other structural adjustments have led to drastic cuts or freezes in social sector programs which provide services.

With cuts in health allocations, there has been a resurgence of communicable diseases like cholera, yellow fever and malaria in sub-Saharan Africa. In Latin America, the incidence of malaria and dengue has worsened dramatically since the 1980s. The outbreak of bubonic and pneumonic plague in India in 1994 was directly associated with the worsening conditions in public health which were attributed to the compression of national and municipal budgets under the IMF-World Bank structural adjustment programs.

Women will not only lose their jobs. Cutbacks on social protection expenses in health care, sickness and maternity benefits will affect them the most because of their role in child bearing and rearing. Women are bound to work longer and harder, and suffer enormously from such constraints.

### **Women in Economic Zones**

Since the establishment of the WTO in 1995, the economic zones (formerly free trade zones) have expanded to more areas of the national

territory. Ecozones have been created in Mexico, Central America and the Caribbean, the Philippines, Malaysia, Indonesia and North Africa – all in the developing world – where social and political conditions are deplorable. Ecozones have been perceived by international financial institutions as essential in the opening up of Third World” economies. In 1986, more than two thirds of the jobs in these zones were provided by multinationals.

Ecozones in the Philippines cover a total area of 1,659 hectares countrywide. These are composed of regular state-owned and operated Export Processing Zones (EPZs) and privately owned and developed special zones. There are about 637 registered/approved firms in the EPZs which employ about 89,571 workers. More than 70 percent of these are women.

Worldwide, women represent up to 50 percent of the workforce in the zones. Most of those are young, single, and entering the salaried labor force for the first time. They work long hours against the clock, work at night, and are exposed to all kinds of health and psychological hazards. They suffer from the stress of low wages. In 1995, the minimum wage was set at 5.27 dollars per day in Manila but it was 4.9 dollars in the zones with average salaries in the latter amounting to 6.7 dollars. They complain about, favoritism and oppression by supervisors who impose high quotas; no opportunities for upward mobility; socially disruptive shifting work; compulsory overtime, leaves, and resignation; layoff; nonpayment of regular benefits; extreme fatigue, and suppression of trade union rights.

### **Women Migrants**

Migration of labor from the countryside to the urban areas has always been associated with the lack of employment/livelihood opportunities in the rural, and the hope of finding the same in the urban areas.

As a result of the government’s policy of agricultural deregulation (a commitment to trade liberalization), employment in the agricultural sector continues to decline, and female migrants to the urban areas and overseas, to increase. Majority of internal migrants in the Philippines are indeed female.

Hoping to attract investors and thereby to create employment in the Philippines, the government in the 1970s promoted the Philippines as a haven of cheap labor. It promoted economic zones. Later, because

employment was not forthcoming, it adopted the policy of the export of labor. The Philippines has indeed specialized on its comparative advantage: cheap labor.

Overseas Contract Workers (OCWs) are the Philippines' leading dollar earners, with about one third of the population dependent on them, according to some economists. Estimates of the number of Philippine overseas workers place the range from 752,700 to 4 million. More than half of these are female.

Filipino female OCWs comprise 82 percent of all OCWs in the services sector (the second biggest OCW occupational category). 75 percent of who are employed as domestic and related workers, mainly in Singapore and Hong Kong. Of the estimated 60,000 to 80,000 Filipino female OCWs in Japan, 90 percent are in entertainment. Already in 1992, 65.20 percent of all entertainers in Japan were Filipinas. As of August 1997, the trafficking of about 100,000 to 150,000 Filipino women annually to Japan was reported to be on the rise.

These Filipinas once in the receiving country are subjected to many forms of abuse ranging from extreme bonded labor to forced prostitution. Many complained of lack of food and heating facilities, inability to go out, and non-receipt of 75 percent of their wages. Overall, 80 percent of Thai trapped in the sex industry. Apart from Japan, major targets for migrant trafficking this decade are North America and Western Europe.

Migration, in general, puts the worker in a more vulnerable position in the new area, where there is less of the familiar and familial supports. OCWs in particular, many of whom have illegal status in their country of destination, are often hidden, isolated, culturally alienated, racially discriminated against, and unable to organize themselves to gain bargaining power, particularly in countries that ban unions. They epitomize the globalization of the labor force, the workers of the world.

### **Women in the Informal Sector**

Global trends towards subcontracting, privatization and deregulation, which undermine workers' security and the trade union movement's strength, work hand in hand with the informal sector. Majority of the workers in this sector are often from the developing world.



The extent of the informal sector differs from one country to another. In Africa, it represents 19 to 51 percent of total production; in Asia and Latin America, from 12-30 percent; and in Indonesia, almost half of total production. This sector employs more than 60 percent of the urban workforce. In Asia, the rate of employment growth in the informal sector has more than doubled that of the formal sector.

Women are particularly active in this economic sector. Women's participation in the informal sector varies from 10 percent in some countries of Western Asia, to 41 percent in the Republic of Korea, to 65 percent in Indonesia. In Nigeria, 94 percent of street and market vendors are women. In some Latin American and Caribbean countries like Honduras, Jamaica and Brazil, women outnumber men in the informal sector.

The ILO says that there are about 200 million workers worldwide who are employed through subcontracting. The most striking example is the garments industry where the bulk of workers are female home workers. Some large companies contract all production out and have become 'hollow' companies, with sales and marketing as their only activities. In the Philippines, women working in subcontracted and project-based work and homework, were not until recently, covered by the Labor Code, yet they contributed 50.3 percent to the gross national product.

Home workers today are an integral part of the international organization of work but no accurate statistics exist to inform us of their exact number. In Japan, about a million people work at home; in India, more than 7 million; and in the Philippines, about 37 percent of the workforce.

As in the formal sector, women in the informal sector are concentrated in low-skilled, labor-intensive, low paid jobs, using skills they did not train for except in socialization. In the service sector, informal women workers are servants, waitresses, laundresses, entertainers and vendors.

Informal work allows women to earn through greater flexibility in time and space, allowing them to combine productive and reproductive work, to balance professional aspirations with family responsibilities, to supplement their wages, and to compensate for the fall in the value of wages. It also allows them a chance to escape discrimination in employment, which, to begin with, is a major cause of women's marginalization in the world of work, and the starting point of their poverty.

However, because of the low wages and lack of protection of workers in the informal sector, women cannot hope through it, without assistance, to ever escape their cycle of poverty. The precariousness of the informal sector deprives workers their rights to standard earnings, protection, and future development.

### **Feminization of Poverty**

Seventy percent of the 1.2 billion people living in poverty in the world are women. Worldwide, 60 percent of the rural population are women who live below the poverty line. The percentage of women living in absolute poverty in rural regions has increased by 50 percent in the last 20 years. In many developing countries, women now have to work 60 to 90 hours a week just to maintain their living standards.

According to the International Labor Organization (ILO), global trends and impositions by financial lending institutions, like the IMF and World Bank, on developing economies in the form of structural adjustment programs (SAPs), is eroding women's gains and worsening their poverty and exploitation.

The World Bank predicts that poverty will still increase among certain vulnerable groups hard hit by economic reforms, including women.

With globalization, the diffusion of new technology tends to marginalize women more. Women, whose education and training has been hampered by their traditional role as home makers and child carers, cannot easily shift to new standards for higher levels of human capital and more flexible skills.

Furthermore, devaluations, increases in the price of basic commodities, layoffs and decreases in wages and social expenditures as a result of IMF conditionalities can have devastating effects. For example, the 1991 cholera epidemic in Peru which infected 200,000 and killed 2,000, while attributable to poverty and the general breakdown of public health infrastructure, was also directly a result of IMF prescriptions. With the thirty-fold increase in the price of cooking oil, people in Lima (including the "middle classes"), were no longer able to afford to boil their water and cook their food. Furthermore, more than 83 percent of the population in 1991 in Peru did not meet calorie and protein requirements. One child out of six in Lima, Peru died before the age of five.

### **Poor Women and their Children**

Poor women with families to take care of, cannot but pass on their poverty to their children, especially their daughters. Households with below poverty thresholds desperately need additional income, and all members of the household, including children are expected to help. This encourages child labor. As of the latest Survey of Children (1995), there were reported about 3.7 million working children 5-17 years of age in the Philippines, 34.5 percent of whom are female. Children work in services, industry and agriculture, earn the lowest wages, and are the most negatively affected by the exploitation of work, by virtue of their youth. Many children because of poverty and work, no longer go to school. Only 42 percent of the youth aged 7-24 have reached or completed high school, 36 percent of whom are repeaters or dropouts; and 14.36 percent have not completed any grade at all.

Global subcontracting and cheap labor have encouraged the utilization of child labor in export production in the Philippines, and have made children, especially female children, an integral part of the international organization of labor. Their poverty which pushes them to work, often makes it necessary for them to drop out of school. This further adversely affects their chances of a better future.

With the accelerating global competition in manufacturing, the garments industry in the Philippines, in particular, has become a sunset one. Fewer orders have led to closures of enterprises, cut downs, layoffs of masses of women, transfers, and new arrangements in production. According to the Director General of the Employers Confederation of the Philippines (ECOP), a total of 33 garments and textile companies closed down permanently in 1996, resulting in a loss of 23,000 workers. About 5 big garments enterprises downsized their workforce, resulting in the loss of 11,446 jobs. A total of 34,846 workers were laid off in 1996, most of them women.

Wages in the garments industry have become so depressed, especially in subcontracting, that women workers no longer want to accept orders, preferring to look elsewhere for their sources of income, and relying more on their children to take care of their other smaller children while they work away from home. They also come to rely more and more on their children's monetary contributions earned from the kind of work their mothers no longer deem worthwhile to undertake.

Because there are hardly any employment alternatives in the country, and because there are new alternatives like overseas work, women and even girls are being drawn into it. They often end up, in the clutches of prostitution networks, losing their papers and all contacts with the outside world, in prison, or dead.

While the practice of child labor is being discouraged by a US proposed trade boycott of products made by child workers outlined in its proposed Harkin Bill, apparently, in order to protect children's rights, this move is perceived by some as a technique for control in the global trade war against competitors. Others fear that this move will actually result in more poverty and child labor, especially if safety nets to cushion the negative effects of such moves on the child workers' families and communities are not in place.

Former garments child workers in enterprises that no longer get enough orders now work in more hazardous manufacturing of tin craft where they tend to earn less and where work is less regular. Children of former garments workers also labor beyond 12 hours as live-in garments workers for local entrepreneurs who are rapidly being edged out of competition by the import of cheaper garments made in Indonesia, Thailand and China.

Children of the poorest 30 percent of the population, with their limited skills, tend to seek out all kinds of paid work open to them, even if detrimental to their physical and psychological health, education, and development. As poor children without education and training for better employment, girls grow up to be poor women, who, because of their poverty, must take on very exploitative and abusive work.

Women and children bear the heaviest share of the negative costs of globalization. Women, because they work the most but get the least, and are the first to be rendered obsolete; and children, because they are the most vulnerable, especially the girls, who are more often the victims also of sexual, verbal and physical abuse. Latest estimates indicate an increase in the number of out-of-school youth in the Philippines, who now constitute 20 percent of the total youth population. Sixty-seven percent of all out-of-school youth in the Philippines are female.

It becomes quite evident that poor women and their daughters face the prospect of more poverty and danger because they are poor to begin with and they are female.

Awareness of the relationship between capitalist globalization and the economy, poverty, politics, the environment, culture, and gender, is obviously a prerequisite to understanding the global problem before us.

There is much room for improving the legal environment, of course. But laws are toothless without action. Organizing among women for themselves and their families is essential, particularly for those with no recourse to trade unions. On their part, trade union organizations in rural and urban settings should aim towards more solidarity among workers in the formal and informal sectors, among unions and federations so that their collective strength will resist the deterioration of the quality of life now threatened by globalization.

Consumers, producers, workers and employers, all of us must play a role, in defending hard won gains and sovereign control, without which we will surely be driven to more crisis and deepening poverty.

We must all star/continue to envision and strive for a more humanized, equal world for us and the children. ❁

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