Gender Discrimination and the Acquisition of Competitive Advantage:

A Neoliberal History of Profitable Exploitation

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Abstract

Globalisation has been essentially based on free trade theory and comparative advantage, which promote liberalisation, privatisation and deregulation to supposedly achieve gains for every country and its citizens. The World Trade Organisation has played a central role in legitimising this theory. However, it does so in a gender-blind manner, which has been criticised essentially in the feminist literature for missing out on the ways in which the acquisition of competitive advantage is a gendered process and how gender inequality serves as a tool for such acquisition. This paper will address this problem first, by examining the practical consequences of the WTO agreements in using women as source of competitive advantage in some instances but also in excluding them from trade openness in others. Further, the issue of the unpaid care economy and social reproduction and its inherent gender impact shall be addressed. It will analyse the ways in which some women may benefit from trade liberalisation while others will be left worse off. This paper concludes by questioning the accuracy of the theory of comparative advantage and the concept of development. It highlights the crucial role of feminist contributions to challenging the neoliberal discourse.

Introduction

The neoclassical trade theory states that in order for countries to benefit from international trade, each should specialise in the production of goods in which they have a comparative advantage. Based on this theory, free trade sympathisers acknowledge that free trade will produce both winners and losers but that the overall gains for all countries and their citizens shall still prevail. In order to achieve such gains, trade liberalisation, deregulation and privatisation are regarded as the key², and have thus been largely promoted, regulated and legitimised in global economic institutions. Among them, the World Trade Organization (WTO) has embodied free trade theory through its agreements requiring State parties to further liberalise in a growing range of sectors to enhance competitiveness and growth, objectives that fall under the concept of development. In doing so, the organisation adopted a genderneutral language in order not to create any discrimination.³ This has resulted in gender issues being deemed not 'legally relevant' in policy-making, since the pursuit of comparative advantage focuses on benefitting 'everyone'. Yet, it has been argued that WTO's policies are far from being gender-neutral.⁵

Traditional development economists argue that economic growth and women's access to the workforce would go hand in hand. 6 According to the mainstream view, free trade should benefit women especially in developing countries

¹ Also called the Hecksher-Ohlin-Samuelson theory

² Diane Elson, Caren Grown and Nilüfer Catagay, 'Mainstream, heterodox, and feminist trade theory', Irene van Staveren, Diane Elson, Caren Grown and Nilüfer Catagay (eds) The Feminist Economics of Trade (Routledge 2007)

³ Brigitte Young and Hella Hoppe, 'The Doha Development Round, Gender and Social Reproduction' (2003) Occasional Papers no.7 Friedrich-Ebert-Stiftung 3

^{&#}x27;Women's Rights, the World Trade Organisation and International Trade Policy' (2002) no.4 Women's Rights and Economic Change 1

⁵ Ibid (n 3)

⁶ Nilüfer Catagay and Sule Özler, 'Feminisation of the Labour Force: The effect of long term development and structural adjustments' (1995) vol.23 no.11 World Development 1883

where their main asset is unskilled labour,⁷ mainly comprised of women. Others say that women will be marginalised during economic development, but will be integrated into the workforce with further development.⁸ Using empirical evidence to make their claim, some other authors have argued that the impact of trade liberalisation on gender is mixed. ⁹ While it has contributed to a rise in employment and entrepreneurial opportunities for women in some instances, it has worsened their social and economic situation as well as exacerbated existing gender inequalities in others. ¹⁰ As a result, many feminist scholars and others pointed out that the theoretical achievements of comparative advantage are failing to materialise in the complex realities of globalisation, which leads to questioning the relevance of the theory today.

Drawing on the different conclusions that have been made on the effects of free trade policies on women, I will argue that the alleged overall gains of comparative advantage are unlikely to become a reality for several reasons. Using some WTO agreements to illustrate my point, I will first focus on the process of acquisition of competitive advantage (considered as part of comparative advantage) and examine the ways in which wage discrimination against women is used to achieve such an advantage, or serves to exclude them from the potential benefits of trade liberalisation. As a result, I find that the pursuit of comparative advantage can hardly benefit 'everyone' since, in some instances, it thrives on discriminating, dividing, and exploiting some workers, provided it does not drive them out of business completely. Secondly, I examine a largely ignored aspect of the economy,

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⁷ Margit Brussmann, 'The Effect of Trade Openness on Women's Welfare and Work Life' (2009) vol.37 no.6 World Development 1027

[°] Ibid.

⁹ Alessandro Nicita and Simonetta Zarrilli, 'Trade Policy and Gender - Unfolding the Links' (2010) vol.44 no.1 Journal of World Trade 203 ¹⁰ Ibid.

namely the unpaid care economy. I find that it has to be considered as a gender issue as women make up for the majority of unpaid care workers in the household due to a longstanding gender bias on women's primary role in the home. As the latter has been widely internalised within communities as being the natural gender order, we may question whether it should be challenged or simply accepted as it is, especially considering the difficulties in conceptualising and measuring unpaid labour. I will argue that it has to be challenged for the several negative effects it generates, namely a questionable concept of 'development' as incompletely measured by the GDP, the double burden it creates for women in dealing with paid and unpaid work at the same time, and how wage gaps are justified through the idea that women's income is just a complement to the man's in the household. I will also describe how the reluctance in measuring care and reproductive work seems to be intentional as it serves to stimulate greater profit in a capitalist economic structure.

Following such findings, I shall conclude by saying that essentially, the theory of comparative advantage fails to deliver its promises as in practice it materialises through exploiting some workers while others benefit. As it may be argued by feminist economists that a more gender-sensitive approach in trade agreements could help redress such a situation, I believe that the current neoliberal order does not have the potential of bringing adequate benefits to underprivileged groups like women as it intentionally exploits their socially constructed inferior position for profit.

The second section will cover the ignored gender dimension in the acquisition of competitive advantage under the WTO. The third section tackles the issue of the unpaid care economy and its practical consequences. The fourth section concludes.

Women as Achievers and Sources of Competative Advantage: An Ignored Gender Discrimination under the WTO

The WTO adopts a gender-neutral language. Yet in practice, neoliberal policies have a different impact on men and women, a gender dimension that the WTO failed to take into account as we shall see in the General Agreement on Trade in Services (GATS), the agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) and the Agreement on Agriculture (AoA). I shall examine two aspects of this gender process: how women are used in the pursuit of competitive advantage for their gender biased characteristics on the one hand, but also how in some cases these very characteristics are excluding them from the potential benefits of trade openness on the other hand.

Women as a Source¹¹ of Competative Advantage: A Profitable Tool

As early as the 1980s, countries have had to implement structural adjustment policies following their joining the WTO, thus shifting toward an export orientation in goods and services. ¹² Some studies have suggested that higher levels of trade openness would then increase female labour force participation, as they represent a large number of the unskilled labour required for export production. ¹³ It was then showed that 'continued economic growth and expansion of the service sector in industrialised countries increases the demand for female workers'. ¹⁴

Women as sources of competitive advantage refers to « unpaid family workers and wageworkers contributing to businesses run by others, largely men ». See Diane Elson, Caren Grown and Nilüfer Catagay, 'Mainstream, heterodox, and feminist trade theory', Irene van Staeden, Diane Elson, Caren Grown and Nilüfer Catagay (eds) *The Feminist Economics of Trade* (Routledge 2007)

¹² Lisa B. Meyer, 'Trade Liberalisation and Women's Integration into National Lab or Markets: A Cross-country Analysis' (2006) vol.75 Social Indicators Research 83

¹³ Ibid.

¹⁴ Ibid.

Taken at face value, we could then argue that trade openness allows for greater access to jobs for women and that, as such, it represents improvement in terms of gender equality for the various benefits a paid job can bring to women. However, looking further into the reasons why such an increase in the demand for female workers occurs, we find that it heavily relies on gender discrimination. Indeed, another study shows that export-oriented industries favour employing women to take advantage of 'existing gender inequalities in women's access to economic and labour rights in order to increase their competitiveness. Other case studies have also showed that governments overtly use low wages of women to increase their country's revenues. Therefore, even though free trade policies that push for competitiveness did not create the said inequalities, in these cases they contribute to their perpetuation in using women as source of greater competitiveness and thus, greater profit for the firms employing them.

Regarding the latter point, it has been argued that equal pay could actually benefit a country's long term growth, but semi-industrialised countries will still choose short-term solutions and rely on labour-intensive goods by using low-paid women, thus justifying the wage gap to stimulate profit. Furthermore, it was demonstrated that gender wage equality may 'induce shocks that drive economies off their long-run paths'. 19

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¹⁵ The potential benefits will be further detailed in the third section

¹⁶ 'Gender Equality & Trade Policy' (2011) Women Watch Resource paper, United Nations Inter-Agency Network on Women and Gender Equality (IANWGE)

¹⁷ 'Women's Rights, the World Trade Organisation and International Trade Policy' (2002) no.4 Women's Rights and Economic Change 1

¹⁸ 'Gender Equality & Trade Policy' (2011) Women Watch Resource paper, United Nations Inter-Agency Network on Women and Gender Equality (IANWGE)

¹⁹ Stephanie Seguino, 'Gender, Distribution, and Balance of Payments Constrained Growth in Developing Countries' (2010) vol.22 no.3 Review of Political Economy 373

Considering the observations above, trade liberalisation seems to establish an impossible path in the case of semi-industrialised countries, or at least some of them. Indeed, one may question how such countries could envisage long-term solutions under the pressure of trade liberalisation fast-growing competitiveness.²⁰ Consequently, it is likely that women will continue to be exploited as a source of competitive advantage, especially that some studies found that wage inequality can stimulate growth in the long-run as well.²¹

Here, we have one illustration that seems to highlight the inherently discriminatory nature of trade liberalisation. The alleged overall beneficial objective of the pursuit of comparative advantage is in a self-contradictory situation where the exploitation of women is a comparative advantage itself.

Women as Potential Achievers:²² A Limited Success under WTO Agreements I argue here that the WTO, in failing to take the gender dimension of comparative advantage into consideration, has missed out to some extent on the ways in which women risk being excluded from the liberalisation process required in its agreements. I shall focus on the GATS, the TRIPS, and the AoA.

Inevitably, the GATS was to impact women particularly as they make up for the majority of workers in the service sector.²³ The same situation applies for the AoA considering the large number of female agricultural workers.²⁴

²⁰ See Ha-Joon Chang, *The Myth of Free Trade and the Secret History of Capitalism* (reprint edition, Bloomsbury Press. 2009) where he criticizes the way in which today, a growing pressure on countries of the South to liberalise is being exercised by Western countries while they had always used some form of protectionism to get there themselves. As such, it makes it difficult for such countries to elaborate long-term strategies of development.

²¹ Ibid. (n 19)

Women as achievers of competitive advantage: « owners of businesses, employing other people, and as own-account, self-employed producers ». See Diane Elson, Caren Grown and Nilüfer Catagay, 'Mainstream, heterodox, and feminist trade theory', Irene van Staveren. Diane Elson. Caren Grown and Nilüfer Catagay (eds) The Feminist Economics of Trade (Routledge 2007)

Some authors argue that labour mobility could positively enhance women's participation, but they point to the fact that the services liberalised in the GATS through mode 4 are practically excluding women²⁵ as they usually do not fall under the categories it covers.²⁶ They are consequently unable to benefit from the GATS system and provide their services abroad.

It may be rightfully argued that a more gender sensitive approach could have noticed the potential exclusion of women from the benefits of the GATS and reacted accordingly, possibly with measures to redress the lack of access to resources for women; although it is questionable whether such measures could fully grasp the underlying gender bias that contribute in restricting women's mobility, namely their role in the household and in social reproduction which shall be further examined in the third section.

Concerning the agriculture sector, the WTO agreed to take into account the special and differential treatment for developing countries in the AoA, ²⁷ thus acknowledging their particular situation, but it fails to take into consideration the specificities of women's predominant position in this sector and its consequences.

Women in the agriculture sector mainly work as small-scale farmers. The AoA opening the sector to international competition to some extent involves several challenges to domestic farmers: in order to adapt, or rather to keep up with the pressure of competition, they will have to 'expand and introduce technological

²³ 'Women's Rights, the World Trade Organisation and International Trade Policy' (2002) no.4 Women's Rights and Economic Change 1

²⁵ 'Gender Equality & Trade Policy' (2011) Women Watch Resource paper, United Nations Inter-Agency Network on Women and Gender Equality (IANWGE)

²⁶ The services liberalized in the GATS through Mode 4 are mainly reserved for highly qualified professionals and senior business categories, in which women do not fall due to the lack of recognition of their professional and academic qualifications. See Ibid.

²⁷ Brigitte Young and Hella Hoppe, 'The Doha Development Round, Gender and Social Reproduction' (2003) Occasional Papers no.7 Friedrich-Ebert-Stiftung 3

improvements in their farming techniques'.²⁸ In the particular case of women, their limited access to the necessary resources 29 needed to compete will result in reducing their competitiveness, and consequently in driving them out of agriculture completely.

This illustrates how the additional difficulties that exist for women to be able to achieve competitive advantage, despite their predominant presence in the sector, are ignored in the relevant agreement. As a result, the comparative advantage here may only benefit a few.³⁰ at the expense of a large proportion of workers i.e. women.

Finally, women farmers also have an important role as users of traditional knowledge which contributes to enhance food security.³¹ In introducing exclusive and monopolistic rights regimes into such knowledge, the TRIPS may negatively affect women farmers i.e. usually poor rural women who would then have to rely on common property resources 32 as they could no longer afford a now expensive privatised resource.

In conclusion, due to their lack of gender sensitive basis, the WTO agreements examined above seem to drive women out of potential benefits of trade liberalisation, which contradicts again the initial objective of comparative advantage. The predominant presence of women, particularly in the service and agriculture sector, seems to indicate that their exclusion will result in more losers than actual winners.

²⁸ Alessandro Nicita and Simonetta Zarrilli, 'Trade Policy and Gender - Unfolding the Links' (2010) vol.44 no.1 Journal of World Trade 203
²⁹ Limited access to credit, agricultural inputs and technical knowledge

³⁰ Men who are usually owners of medium and large-scale commercial farms « are in a better position to take advantage of the commercialization of agricultural production » and therefore, to compete.

See Ibid (n 27). 31 This includes knowledge in land management, such as the crucial management of seeds. See Ibid (n 25) ³² Ibid.

I shall now turn to another, largely ignored and unresolved issue pointed out by feminist scholars, namely that of unpaid labour and the socially constructed gender roles involved.

Gender Roles in the Care Economy: The Ignored and the International Double Burden

If we take statistics at face value, women's growing integration into the workplace can be considered as a success for a group that has long been marginalised. However very often, access to jobs has not necessarily translated into a form of women liberation. In fact, it may have the opposite effect for reasons that feminist scholars have pointed out related to gender roles in the home and social reproduction.

The existing gender order, although challenged in several respects, has nonetheless been widely internalised by both men and women. They perceive it as natural rather than socially constructed to benefit males.³³ We are drawn back to Bourdieu's notion of 'doxa', where aspects of tradition and culture are taken for granted to the point of becoming part of a natural order of society.³⁴ Shall this gender order be challenged? If so, does the existing neoliberal structure help challenge it, or does it actually perpetuate it? I shall examine the ways in which it does both, which highlight the fact that women, essentially, are not a homogenous group.

³⁴ Naila Kabeer, 'Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment' (1999) vol.30 Development and Change 435

³³ Stephanie Seguino, 'Plusça Change? Evidence on global trends in gender norms and stereotypes' (2007) vol.13 no.2 Feminist Economics 1

The Role of the Economic Order in Challenging and Perpetuating Gender Roles

On the potential role of the economy on gender roles, it has been argued that women gaining more access to paid jobs not only contributes to economic growth, but also improves women's well being. Furthermore, the World Bank suggested that economic growth is in itself a major contributor towards gender equity. Soncurring with the latter view, some authors say that gender discrimination is reduced in more developed countries as daughters are encouraged to take part in the workforce. The common ground in all such opinions is the acknowledgment that economic structures play a significant part in influencing the perception of gender roles. The question now then is whether, and to what extent economic growth and economic structures in the current neoliberal sense do indeed improve the condition of women.

Undeniably, some women have gained from paid work in several respects. The increase in paid job opportunities for women may for instance highlight their potential as full human beings who do not need to rely on a man to provide for them. This financial independence can also give leverage to women for the decision-making process in the home. Some authors also suggested that economic globalisation through the current free trade policies that expand the work opportunities available for women improve their physical quality of life.³⁷

However, economic globalisation also has downside effects on women in the ways in which they enter the labour force and in its competitive system exploiting gender biases to stimulate profit. For example in the case of Chile, a country often

³⁵ World Bank 2001 in Stephanie Seguino, 'Plusça Change? Evidence on global trends in gender norms and stereotypes' (2007) vol.13 no.2 Feminist Economics 1

³⁶ Stephanie Seguino, 'Plusça Change? Evidence on global trends in gender norms and stereotypes' (2007) vol.13 no.2 Feminist Economics 1

³⁷ Mark M. Gray, Miki Caul Kittilson, and Wayne Sandholtz, 'Women and Globalisation: A study of 180 countries, 1975-2000' (2006) vol.60 International Organisation 293

taken as a successful neoliberal model, studies show that liberalisation has actually increased poverty. ³⁸ Consequently, more women were pushed into the labour market³⁹ as one source of income was no longer enough to support the family. Therefore, trade openness in that case has deprived women of the choice of opportunities, as most of them had no other option but to accept low-paid, insecure, and highly exploitative jobs. And it seems, and this shall take us to the second part of this section, that women being confined in such low-paid jobs is justified by the socially constructed idea that their income is merely a complement to the household's revenue, while the man's is the central one.

In conclusion, while in some instances the current neoliberal economic structure may bring challenges to preexisting gender roles, in others it puts women in situations that exacerbate their socially and economically inferior position for the reasons mentioned above but also, as we shall see now, by devaluating unpaid care work.

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³⁸ Stephanie Barrientos, 'The other side of economic success: poverty, inequality, and women in Chile' (1993) vol.1 no.3 Focus on Gender 38

³⁹ Nilüfer Catagay and Sule Özler, 'Feminisation of the Labour Force: The effect of long term development and structural adjustments' (1995) vol.23 no.11 World Development 1883

Labour Division in the Unpaid Care Work: A Social Construct with Practical Consequences

Reproductive and care labour are predominantly carried out by women across a wide range of cultures and levels of economic development. ⁴⁰ The International Labour Organisation (ILO) recognised women's contribution to the 'satisfaction of the basic needs of the household' and called for finding ways to measure it. However, such contribution remains socially unrecognised and excluded from the economy's measure of development. Many authors, including feminists, have criticised the gross national product's (GDP) central role in assessing development which largely addresses it in market terms, thus ignoring how understanding unpaid domestic labour can help improve women's lives. ⁴² Indeed, some economists find it difficult to conceptualise domestic work as having any economic significance in order to include it in national income accounts.

This leads me to the following observation. In ignoring unpaid domestic and reproduction labour which yet makes up for a considerable amount of working time, the GDP's assessment of development is consequently deeply flawed. It not only is a gender issue but also becomes a matter of policy-making concern, as an incomplete measurement of development undermines the concept itself and prevents policy makers from reacting accordingly. How do you address a problem whose existence you do not acknowledge?

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⁴⁰ Nilüfer Catagay, 'Gender and Poverty' (1998) Working Paper Series, United Nations Development Programme 1

⁴¹ Devaki Jain, *Women, Development, and the UN: A Sixty-Year Quest for Equality and Justice* (Indiana University Press 2005)
⁴² Cynthia A. Wood, 'Economic marginalia: Postcolonial readings of unpaid domestic labor and devel-

⁴² Cynthia A. Wood, 'Economic marginalia: Postcolonial readings of unpaid domestic labor and development', Drucilla K. Barker and Edith Kuiper (eds.), *Toward a feminist philosophy of economics* (Routledge 2003)

Now we could argue that, with the liberalisation of services that has led to several tasks initially carried out by a majority of women in the home for free now being substituted by the market, the problem is being addressed. However, it has only shed light on the crucial fact that women are not a homogenous group and that as such, the impact of such liberalisation affects them differently. 43 To illustrate, some authors have pointed out to the creation of a 'servicing class'44 in which I observe a dual effect: on the one hand, it is likely to benefit women from a higher class who can afford it, thus shifting the burden of unpaid domestic tasks off themselves. On the other hand, studies show that such services are mostly conducted by poor working class and minority women in the informal economy, 45 who will then have to endure the double burden of paid service work and the same unpaid tasks that they will still have to carry out themselves at home. The latter remains economically invisible and as such, physically detrimental to these women who end up working a double day. This falls in direct contradiction with the earlier study that linked access to employment with an improvement in women's physical quality of life.

Finally, while unpaid domestic labour remains ignored in measuring development for conceptual difficulties in giving it an economic value, the exclusion seems intentional when it comes to social reproduction. Indeed, it has been argued in the field of marxist-feminist thought that capitalism, the underlying basis for the

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⁴³ This situation was rightfully pointed out using the concept of depletion and harm, see « depletion associated with the provision of care in the home can be mitigated by hiring domestic help. This however, does not end the process as the domestic help in turn may be doubly depleted as she undertakes both her caring responsibilities at home and as paid work » in Shirin Rai, Catherine Hoskyns and Dania Thomas, 'Depletion and Social Reproduction' CSGR Working Paper 274/11, Centre for the Study of Globalisation and Regionalisation Department of Politics and International Studies, University of Warwick 2

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44 Verena Meier Kruker, Michaela Schier and Anne von Streit, 'Geography and gendered labour markets', (2002) vol.56 GeoJournal 243

45 Ibid.

current neoliberal structure that shapes organisations like the WTO, devalued reproductive labour only to further rely on it 46 to maximize gains. The inherent connection between valued i.e waged work and devalued reproduction work has been presented as constituting « two distinct moments in the extraction of surplus value ». 47 As such, the very essence of capitalism seems to thrive on 'an immense amount of unpaid domestic labour for the reproduction of the workforce and the devaluation of these reproductive activities in order to cut costs of labour power'. 48

Conclusion

In this paper, I have shown that the pursuit of competitive advantage in free trade is indeed a gendered process, in the sense that women, as a particular group, serve as source of competitive advantage for their gender-biased characteristics. We therefore have a situation where gender discrimination directly benefits the economy in its current form. I also pointed out to the ways in which women, in some instances, are being driven out of business with an increase in international competition. Their lack of resources makes them unable to compete accordingly, which renders them worse off than they initially were before WTO free trade requirements were implemented. Secondly, I linked this inherently gendered process to another, ignored dimension of the economy: the unpaid care economy and social reproduction. I sought to demonstrate that, although an increase in paid employment opportunities under the neoliberal structure challenges the gender order to some extent, it also perpetuates it in pushing women to accept low-paid, flexible and exploitative jobs.

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⁴⁶ Michelle Murphy, 'Reproduction', Shahrzad Mojab (ed.) *Marxism and Feminism* (Zed Books Ltd. 2015)

⁴⁷ Leopoldina Fortunati in Donatella Alessandrini, *Value Making in the International Economic Law and Regulation: Alternative Possibilities* (Routledge 2016)

⁴⁸ Silvia Federici in Donatella Alessandrini, *Value Making in the International Economic Law and Regulation: Alternative Possibilities* (Routledge 2016)

Further taking into account the underlying gender bias which makes women the primary care provider in the home for free, their situation is only made worse by having to work a double day. Finally, I shed light on what seems to be a calculated, profitable form of exploitation in the way social reproduction work is being deliberately left out of being given any economic value to maximise profit.

Drawing on these conclusions and the contributions of feminist scholars in challenging the gender-blind free trade discourse, I believe the starting point should be to challenge the theory of comparative advantage itself. In that sense, Shaikh's elaborated theory of competitive advantage where the weak is exposed to the competition of the strong⁴⁹ and 'the latter devour the former'⁵⁰ seems closer to the current economic reality. In addition, a gender-approach sheds light on the ways in which it seems the situation is not about making overall gains and winners as the theory of comparative advantage suggests, but where it is the actual 'losers' of free trade policies who make the winners. In a competitive mindset, the absence of losers would make winning lose its entire purpose. And as the findings of this paper seem to suggest, I may question whether the winners of these policies could actually achieve such gains without generating losses to others. In conclusion, it may be worth looking into alternative possibilities and go beyond the confines of the neoliberal mindset in the search of a reconceptualisation of development to make it more gender inclusive and, essentially, humane.

 $^{^{\}rm 49}$ Anwar Shaikh, 'Globalisation and the Myth of Free Trade' (2003) New School University 1 $^{\rm 50}$ lbid.