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# *Gender and Trade & Investment in Latin America and the Caribbean*

*An Overview of the Literature*

Prepared for the U.S. Agency
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Caribbean

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# GENDER AND TRADE & INVESTMENT PROMOTION IN LATIN AMERICA AND THE CARIBBEAN: AN OVERVIEW OF THE LITERATURE

The GENESYS Project

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Mary Mulhern
Suzanne Mauzé
The Futures Group

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**The GENESYS Project**
The Futures Group
One Thomas Circle, 6th Floor
Washington, D.C. 20005
Phone: (202) 775-9680
Fax: (202) 775-9694

**Office of Women in Development**
Bureau for Research and Development
Agency for International Development
Washington, D.C. 20523-0041
Phone: (703) 875-4474
Fax: (703) 875-4633

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## EXECUTIVE SUMMARY

This paper summarizes the literature related to gender and trade and investment (T&I) in Latin America and the Caribbean. It was prepared at the request of the LAC Bureau's Women in Development (WID) Working Group. The paper examines how gender concerns have been explored in the context of selected topics relating to T&I generally, and suggests research that the Bureau could support to inform its T&I programs.

Given the relatively recent development focus on T&I promotion, not surprisingly even an extensive literature review reveals that few works deal specifically with gender and T&I, and they are thinly spread across a number of disciplines. Moreover, they leave much to be desired in the way of comparable, systematic analyses and quantitative information. In reviewing the existing literature, however, one theme is salient: the links among T&I, labor, and gender. Scholars are beginning to raise some critical questions regarding the differential impact of T&I promotion on the employment opportunities, characteristics, and patterns of women and men in the labor force. Gender issues arise in the distributions of females and males employed across sectors and occupations, in wage discrimination within the labor force, and in other T&I-sensitive labor contexts such as support for local labor movements, the gender implications of T&I impacts on the informal sector and industrial outwork systems, occupational health and safety, and regulatory reform of the labor market, particularly protective legislation for workers.

The literature offers a series of arguments for considering the direct and indirect linkages among gender, employment, and some of the policies and programs advocated through the LAC Bureau's T&I initiative. Two key themes permeate these arguments: LAC women's traditionally disadvantaged position in the labor market relative to men; and the need for a well-functioning labor market with full access to the scope and quality of human resources required to develop an internationally competitive production base.

Following a brief introduction, Section 2 of this report describes the T&I initiative as defined by A.I.D.'s LAC Bureau. Sections 3 and 4 highlight several topics in which gender should be considered during T&I strategy development and program design. Section 3.1 introduces a framework for analyzing people-level concerns in T&I, in order to identify where gender issues are important. The literature addresses some of these concerns explicitly, but most are only hinted at or appear as recommendations for further research. Sections 3.2 and 3.3 provide an overview of the gender issues in structural adjustment in LAC plus women's and men's relative position in the region's labor market. This sets the stage for Section 4's in-depth review of the literature on selected gender issues related to employment and the T&I initiative. This section also explores how consideration of gender may enhance the long term success of T&I initiatives. Three types of gender-based discrimination pertinent to T&I are explored, followed by a summary of gender issues arising in unionization, the informal sector and outwork, occupational health and safety, and protective legislation.

The fifth and final section highlights gaps in our knowledge of gender and T&I issues, presenting them as research recommendations. While many of these recommendations flow directly from the analysis in the body of the report, others derive from suggestions and comments made by reviewers. Still others emerge from the juxtaposition of the literature review with LAC programs and policy initiatives. Whenever relevant, research recommendations are directly linked with the LAC Bureau's programmatic interests. Those specific recommendations of a relatively higher priority for the Bureau appear with stars next to them. Additionally, each has been coded with a number to reflect the level at which the

recommendation is most relevant -- (1) mission level, (2) bureau level, or (3) both mission and bureau level. The justification for each recommendation and the operational implications are detailed in Section 5. A short summary of each follows below.

- **Employment effects of T&I**, including:

  ** labor requirements and employment effects associated with the introduction of productivity-enhancing technology, and how skills profiles and targeted training can be used to enhance the process (1);

  the effects of an open trade regime on the gender composition of the work force, and the implications for human resource and social programs (2); and

  the people-level effects of privatization, focusing on relative conditions for workers in the private and public sector and changes in the demand for labor (2).

- **Discrimination in the labor market**, including:

  ** the interactions of sectoral and occupational segregation, unemployment, and gender (3);

  an examination of recruitment patterns by formal sector firms in LAC to identify sources of gender-based segregation and how to overcome it (2); and

  ** an assessment of how fair wage practices can be promoted through A.I.D.-supported T&I programs, and the extent to which overt discrimination as opposed to gendered productivity differences contribute to the wage gap between LAC women and men (3).

- **Labor movements**, including:

  ** the extent and nature of women's participation in unions in the LAC region and of unions' effectiveness in representing women members' concerns, and creative ways in which unions might adapt themselves to the informal sector, where large numbers of LAC women and men are employed (3).

- **Formal-informal sector linkages**, including:

  the incentives for both employers and employees to participate in subcontracting and outwork arrangements, and how regulatory changes linked to T&I initiatives will affect outworking trends; and the social and economic benefits and costs of industrial subcontracting (2).

- **Occupational health and safety**, including:

  ** gender-disaggregated information about toxic risks, occupational disease and injury, and the enforcement of workplace health and safety regulations in A.I.D.-supported sectors of T&I; health hazards related to industrial outwork; and the use of educational programs for workers and employers about workplace health and safety (1).

- **Protective legislation**, including:

  ** gendered effects of protective legislation on both T&I and employment, e.g., an assessment of the regulatory environment and an analysis of the financial and social costs of key labor regulations; and the potential for A.I.D. dialogue about protective legislation with business or worker associations, unions, or labor movements to influence the direction of lobbying or labor contract negotiations (3).

- **Measurement tools**, including:

  the relationship between female intensity of the work force (women's share relative to men) and export performance in the manufacturing sector (2); and

  valid, proximate measures of informal-sector employment that can capture differences and similarities between women and men in that sector (2).

# 1. INTRODUCTION: GENDER AND TRADE & INVESTMENT PROMOTION IN LAC

This paper summarizes the literature related to gender and trade and investment (T&I) in Latin America and the Caribbean. The authors reviewed over 200 works from the 1980s and 1990s related to gender and T&I, as well as the general T&I literature, including both A.I.D. and non-A.I.D. documents. This review was prepared as part of a larger gender research effort for the LAC Bureau's Women in Development Working Group. Among other topics,[1] the Working Group identified T&I promotion as an initiative about which relatively little is known in relation to gender concerns and how they should be approached in LAC T&I programs. Thus, the present overview aims to:

- examine how gender concerns have been explored in the context of selected topics relating to T&I generally; and
- suggest research the Bureau could support to inform its T&I programs.

Given the relatively recent development focus on T&I promotion, not surprisingly even an extensive literature review reveals that works dealing specifically with gender and T&I are few, and they are thinly spread across a number of disciplines. Moreover, they leave much to be desired in the way of comparable, systematic analyses and quantitative information. In reviewing the existing literature, however, **one theme is salient: the links among T&I, labor, and gender**. Scholars are beginning to raise some critical questions regarding the differential impact of T&I promotion on the employment opportunities, characteristics, and patterns of women and men in the labor force. An example is gender discrimination in the labor market. As a recent study of labor market discrimination in developing countries points out:

> . . . [gender-based] discrimination will tend to slow economic growth by reducing efficiency in the allocation of labor among firms and the economy; by reducing the job commitment and effort of workers who perceive themselves to be victims of injustice; and by reducing the magnitude of investments in human capital, and the returns on those investments (Birdsall and Sabot 1991:7).

Apart from issues of distributions of females and males employed across sectors and occupations, and wage discrimination within the labor force, gender concerns also arise in other T&I-sensitive labor contexts such as support for local labor movements, the gender implications of T&I impacts on the informal sector and industrial outwork systems, occupational health and safety, and regulatory reform of the labor market, particularly protective legislation.

Reflecting the emphasis in the body of gender literature related to industrialization and T&I, **this review focuses on employment as a critical arena of T&I/gender interactions**. This focus is justified in light of several compelling considerations.

- First, one of the primary outputs of the T&I initiative is expected to be employment for both women and men.

- Second, LAC women provide a significant proportion of the labor in a number of export-oriented sectors (e.g., textiles and clothing, ceramics, agribusiness, electronics, chemicals and pharmaceuticals) that will be directly sensitive to T&I interventions, as well as in the informal sector which is likely to be heavily impacted by T&I.

- Third, a number of T&I-related labor issues have long-term implications for the sustainability of the flow of benefits from increased trade and investment to LAC countries, for the rate of growth and development in these countries, and for the gender-based division of labor.

- Fourth, although not a part of the T&I initiative, employment creation has been a major focus of the social safety net/economic support fund (ESF) programs introduced to help alleviate unemployment during structural adjustment. Some of these employment programs, e.g., in Bolivia and Chile, have had skewed gender distributions, raising questions about who and how to target as beneficiaries (Kingsbury 1991).

## 1.1 Organization of the Report

Section 2 introduces the T&I initiative as defined by A.I.D.'s LAC Bureau. This information is included primarily for readers who may be unfamiliar with the initiative.

Sections 3 and 4 highlight several topics in which gender should be considered during T&I strategy development and program design. Section 3.1 introduces a framework for analyzing people-level concerns in T&I, in order to identify where gender issues are important. The literature addresses some of these concerns explicitly, but most are only hinted at or appear as recommendations for further research. Sections 3.2 and 3.3 provide an overview of the gender issues in structural adjustment in LAC plus women's and men's relative position in the region's labor market. This sets the stage for the in-depth discussions that follow in Section 4.

Section 4 reviews the literature on selected gender issues related to employment and the T&I initiative. This section also explores how consideration of gender may enhance the long term success of T&I initiatives. Discussion is limited to women and men already in the labor force, since the determinants of women's decision to join the labor force (e.g., education, age, marital status, and household headship) are well-known and fairly well understood.[2] Similarly, we have not included the voluminous literature arguing for or against women's employment in export-oriented production and/or examining the effects of industrialization in general on women's status.[3] Instead, three types of gender-based discrimination pertinent to T&I are explored, followed by a summary of gender issues arising in unionization, the informal sector and outwork, occupational safety and health, and protective legislation.

The fifth and final section highlights gaps in our knowledge of gender and T&I issues, presenting them as research recommendations. While many of these recommendations flow directly from the analysis in the body of the report, others derive from suggestions and comments made by reviewers. Still others emerge from the juxtaposition of the literature review with LAC programs and policy initiatives. Whenever relevant, research recommendations are directly linked with the LAC Bureau's programmatic interests. These recommendations and/or the key supporting arguments in Sections 3 and 4 are in bold print for emphasis. The reader is referred to the glossary at the back of the paper for clarification of unfamiliar terms.

## 2. THE LAC BUREAU'S TRADE AND INVESTMENT INITIATIVE

*Most Latin American countries in the 1980s have embarked on structural reforms, especially in the trade sector. But the scope and depth of these efforts have differed widely . . . . What is required in most Latin American countries is to remove impediments to growth, to ensure the efficient functioning of markets and to strengthen the prospects for a healthy improvement in the supply potential of these economies. Measures should aim at reducing over-regulation and at removing the excessive protection of favoured sectors and widespread reliance on subsidies; and they should include the liberalisation of regulations for investment flows. After the public sector has stopped crowding out the private sector, financial markets should be deregulated and financial institutions exposed to competition. More flexible labour markets and less restrictive labour codes are essential to avoid friction costs arising from the reallocation of real resources in the course of structural adjustment and to attract foreign capital (Fischer 1991:23).*

A.I.D.'s current strategy for development in Latin America largely parallels Fischer's recommendations. The strategy is guided by President Bush's vision of "free governments and free markets" in the region. The LAC Bureau promotes broad-based and sustainable economic growth by encouraging policies "conducive to the development of market oriented and globally competitive private sectors" (A.I.D. 1990a:1). Such policies aim to provide two-way benefits, such that U.S. businesses benefit from more open markets and investment opportunities overseas at the same time that LAC businesses and countries benefit from increased trade opportunities and investment flows plus corresponding increases in export earnings and employment, among other things.

During the 1980s, the Agency generally was successful in integrating private sector concerns into its development activities. Now, the focus has shifted to the next logical step -- promoting trade and investment. **Box 1** provides an overview of some of the arguments put forth by economists for these and other aspects of the rationale behind the shift to an emphasis on T&I.

Agency efforts to support T&I development during the last decade generally encompassed a number of activities, all of which were present to some degree in LAC programs. These activities can be grouped into six categories, as follows (Ernst & Young 1989:II-36).

1. *Policy dialogue* to improve the climate for T&I activities and ultimately increase export earnings via, e.g., support for new legislation and for research and demonstration projects.

2. *Foreign investment attraction* via information services to foreign firms.

3. *Joint-venture/matchmaking programs*, to foster firm-to-firm linkages and match local with foreign partners.

4. *Export development programs*, including institution building, to develop export capability in the host country or region by supplying market information, identifying distributors and new market channels, providing trading services, defraying trade show participation costs, and strengthening local productive capacity.

5. *Infrastructure development* to enhance human and physical resources so as to attract foreign investment or improve export capability, via entrepreneurial training or capital improvement projects.

## BOX 1: Support for the T&I Approach in Economic Theory

The recent emphasis on trade and investment promotion as interpreted by A.I.D. finds considerable support in the mainstream literature on development economics. Trade based on comparative advantage is rooted in Ricardo's theory of comparative advantage, dating back to the early 1800s.[4] Technology transfer has been supported since the pioneering days of development economics in the 1950s, based on the neoclassical view that sustained growth is possible only through exogenous technological change (Solow 1957).

Theoretical modeling lends support to the importance of trade, investment, and R&D in encouraging economic growth. A 1990 study in the *American Economic Review* demonstrates that a correlation exists between the implementation of policies based on comparative advantage and long-run growth in the international economy. The study employed a dynamic, two-country model of trade and growth to explore how the external trading environment helps determine long-run growth rates. The model was applied to a hypothetical situation wherein one nation has a comparative advantage in manufacturing and the other in R&D. Results indicated that, if trade barriers in the country with a comparative advantage in R&D (the U.S.) encourage the purchase of domestically produced manufactures over imports (say, from Mexico), they will depress long-run growth rates in the country with the advantage in R&D. Conversely, when policies to subsidize R&D at equal rates in both nations are introduced into the model, growth accelerates in both. These results suggest that protectionist policies hurt both sides, whereas reasonably free trade based on comparative advantage and the development of productive capacity will promote growth for both (Grossman and Helpman 1990; see also Corden 1990, Ranis and Fei 1988, and Salvatore and Hatcher 1991).

For developing countries, economists have explored trade and employment links most frequently in the context of North-South trade. For example, the functioning of the labor market, and particularly wage policies, is cited by Fields as "a causal factor determining the success or failure of export-led growth" (1984:81; see also Lambson 1992). Bacha (1978) models the interactions between technological change, income distribution and employment in developing countries, including the effects of productivity improvements on the terms of trade and, subsequently, employment levels. Additionally, the importance of trade in encouraging growth has been thoroughly debated in the literature over the years. Deepak Lal cautions that "trade by itself can rarely be the major determinant of growth; internal factors are more important in explaining the wealth of nations" (1985:48) Nevertheless, he notes that trade is in many instances a necessary condition for growth. Arthur Lewis emphasizes the importance of investment levels to economic development, pointing out that they are "highly correlated with growth and may serve as a proxy for the forces propelling the economy" (1984:7). Trade and investment may not be universally welcomed by all segments of society, however; some may view them as potentially damaging in environmental and social terms.

In fact, in the early stages of U.S. industrialization (1880-1940), trade based on comparative advantage involved the substantial depletion of natural resources, as well as the application of superior technology. An examination of American industrial success found that "the single most robust characteristic of American manufacturing exports was intensity in nonreproducible natural resources" (Wright 1990:651). A.I.D.'s focus on nontraditional exports in Latin America is in keeping with the concern for natural resource depletion and efforts to raise income streams by increasing the value added to export goods (**Table 1, Annex A**). The T&I initiative, while responsive to environmental concerns, also appears to recognize the need for prudent use of natural resources to fuel a country's industrial and, by extension, socioeconomic development.

For the A.I.D. of the 1990s, the over-arching goal is long term growth. However, another high-profile goal is employment creation, primarily because of the visible human toll of the 1980s' debt crisis and structural adjustment programs. Also, A.I.D. continues to support the social safety-net programs instituted in the late 1980s to alleviate the tremendous suffering engendered by Latin America's economic crisis. These expenditures are justified and largely encouraged by economists as investments in human capital (Lewis 1984). While the T&I initiative is designed primarily to increase growth, export earnings, and jobs, in some cases, increased government revenues from the program also will finance social spending, and so sustain services to alleviate poverty-related suffering during the development process.

6. *Credit programs* to provide assistance to small- and medium-sized export-oriented enterprises via low-interest loans and assistance with loan applications.

The present overview of the T&I literature deals directly or indirectly with (1) policy dialogue, (4) export development programs, and (5) infrastructure development in relation to gender. Gender concerns for the information services embodied in categories (2) and (3) can be directly addressed by, e.g., giving preferential treatment to firms that have gender-balanced work forces, making special efforts to include women-owned businesses in matchmaking programs, and providing information about wage rates and labor supply on a gender-disaggregated basis to foreign firms, especially in those sectors where single-sex work forces predominate. Additionally, indirect impacts of such programs on employment are implicit in the discussion throughout. Credit (6) is not addressed in the present report because the literature on credit and gender is so well-known and extensive that to review it here would be superfluous.

## 2.1 LAC Bureau Activities

Currently, the LAC Bureau's efforts are focused on technical assistance to support the removal of constraints to trade and investment in the region. A description of the Bureau's activities follows (A.I.D. 1992).

> The Office of Trade and Investment for the Latin America and the Caribbean Bureau (LAC/TI) manages several projects and coordinates with other offices within A.I.D. to provide short-term technical assistance to field missions with respect to improving the enabling environment for trade and investment in LAC countries. This assistance can be directed specifically to help countries meet world class standards in such areas as the regulatory, legal and judicial environment, including intellectual property rights, anti-trust and trade remedies. LAC/TI is developing a mechanism that would provide limited funding (travel and per diem) for experts from the U.S. Government agencies in order to address these problems where a country has requested U.S. Government technical assistance. LAC/TI is developing a mechanism which would allow host countries to prpvide matching funds to defray costs of technical assistance. It would demonstrate the host country commmittment to reform in these critical areas and not rely exclusively on A.I.D. Finally, LAC/TI has an agreement with the Department of Commerce (DOC) which can target limited technical assistance for business development activities based on mutual agreement by A.I.D. and DOC.

## 2.2 LAC Mission Activities

Mission strategies and programs vary according to the general level of development in the country, the extent to which the markets are functioning freely, the state of the financial system, the regulatory and legislative environment, and a variety of related factors ranging from the political leanings of the government to the educational level of the labor force. The majority of Latin American governments have now been convinced of the need for open markets and free trade. Currently, they are primarily interested in receiving donor assistance to implement the necessary reforms while avoiding excessive social unrest during the transition period. Consequently, LAC Mission technical assistance activities "focus heavily on improving the economic policy environment and removing critical constraints to trade and investment" (A.I.D. 1992).

*Policy and Non-Policy Constraints to T&I.* Both policy and non-policy constraints to T&I program success abound in many LAC countries, including, e.g., regulatory barriers to intraregional trade, excessive tariffs on some imports, strict labor regulations, and impediments to joint ventures, foreign investment, and, in some countries, repatriation of profits. A typical example is USAID/Ecuador. There, the Mission's policy dialogue strategy for T&I includes substantial efforts to modify the bureaucratic and legal framework restricting the free flow of trade and investment. The following areas are targeted for reform.

- Licensing requirements for imports and exports.
- Regulatory barriers to intraregional trade.
- Discrepancies between regulations governing investment in domestic versus foreign or mixed enterprises.
- Excessive number of state-owned enterprises.
- Strict labor codes that encourage the proliferation of exempted small- and medium-sized enterprises.
- Distortions in fiscal and financial incentives favoring the excessive use of capital over labor.
- Inefficiencies in the transportation system, including subsidies to state-owned companies.
- Tariff and non-tariff barriers to domestically produced exports, including those imposed by the U.S.

Non-policy constraints to the successful transition to open markets and free trade in LAC countries may include poor infrastructure, poor market information and weak linkages between economic sectors, lack of technology development and technology transfer systems, and underdeveloped financial markets (A.I.D. 1991). Again, USAID/Ecuador offers a good example of how one Mission is structuring its T&I program. Its T&I activities are organized under five categories.

- Policy dialogue.
- Development and diversification of domestic production and services.
- Trade and investment promotion and market development.
- Capital-building to support program objectives.
- Institution building.

*Export Promotion.* The mix of policy and non-policy constraints addressed by A.I.D. naturally varies somewhat across countries. However, a common component is a focus on export promotion, including support for policy dialogue and technical assistance. Recent studies have

explored implementation aspects of export promotion as part of the broader T&I initiative. These studies have examined "public versus private intermediaries, the interaction of policy reform with export promotion and supply versus demand side interventions" (A.I.D. 1990b:2). Related project activities range from collecting international marketing data and conducting policy dialogue, surveys, and studies on export promotion, to providing demand- and supply-side technical assistance.

*Demand- and Supply-Side Technical Assistance.* An example of the last of these is PROEXAG (Non-Traditional Agricultural Export Support Project), a regional project in Central America. Supply-side technical assistance through PROEXAG involves production technology, extension, and packaging and labeling. The goal is to overcome export problems such as insufficient supply of goods, inappropriate or substandard packaging for the target markets, and non-adherence to other quality-control standards. Demand-side technical assistance provides marketing information to new exporters, promotes interaction between local associations and overseas buyers, and furnishes training and information on the recipient country's regulations and expectations about the products to be exported (ibid).

*Export Processing Zones (EPZs).* In the 1980s, a common component of export promotion strategies, particularly in the Caribbean and Central America, was the use of demonstration models of EPZs. The assumption was that "EPZs require few initial policy changes, provide numerous jobs and generate immediate exports" (ibid:2). Later, policy reform was encouraged to facilitate broader participation in export-related activities on the part of both foreign and domestic entrepreneurs by eliminating or reducing constraints such as "overvalued exchange rates, bureaucratic customs delays, inefficient public utilities, import licensing constraints, and inadequate skills in the labor force" (ibid). However, under new guidance from the U.S. Congress, A.I.D. will no longer provide support for the development of EPZs in the region. (n.b. The present review contains some references to gender issues in EPZs and free trade zones, since it was prepared prior to the new legislation. Although not directly relevant to A.I.D.'s work, the discussion has been left in the text as a point of information for non-A.I.D. readers.)

*Promotional Institutions.* Support for promotional institutions is also being phased out. In the 1980s, a number of LAC Missions supported institutions that provide "information, for example, on the market in target countries and contact names," and that make a "modest but important contribution to building nontraditional exports" (Robert Nathan Associates and Louis Berger International 1990:3). For example, the Guild of Nontraditional Exporters in Guatemala and the Council for Agribusiness Cooperation and Co-investment in the Dominican Republic provide export promotion services ranging from trade shows and buyer contacts to market information, technical assistance and training.

## 2.3 Summary

As discussed above, A.I.D. is supporting LAC governments in the removal of constraints to T&I in the region. One of the outcomes of these efforts is expected to be employment creation. This outcome, in particular, has gender-differentiated implications that should be monitored by the Missions. One of the areas to monitor closely is the gender composition of the work force. Particularly in growth industries, this composition can change during a period of T&I promotion, in response to international marketing pressures (e.g. an emphasis on cost), regulatory reforms (e.g. changes in labor legislation), or other factors. Conversely, it may be stagnant in the face of these changes, suggesting the presence of gender discrimination, institutional barriers to the free flow of

labor (e.g. "closed shop" union policies), or the presence of a large informal sector. These are issues that the LAC Bureau needs to be aware of in order to ensure the long-run success of the T&I initiative, from the perspective of people in the work force as both inputs to and beneficiaries of the development process.

## 3. AN OVERVIEW OF THE LITERATURE RELATED TO GENDER AND T&I

Now, what does the gender literature to date offer in the way of guidance for A.I.D.'s T&I programs and some of the issues outlined in the preceding section? This section and the next tackle this question.

For LAC, the bulk of research specific to gender concerns in T&I-related topics consists of anthropological and sociological case studies and surveys of women's roles. These investigations offer largely qualitative information on topics such as: women's participation in manufacturing and export-oriented agribusiness, reasons for women's increasing participation in the formal-sector labor force, and constraints to employment faced by women. The reliance on qualitative information or, in the case of quantitative data, small sample sizes, reflects the tremendous lack of national-level, empirical data disaggregated by gender. Moreover, much of this work is "output oriented" in that it examines gender from the perspective of *how development differentially affects women and men.*

In contrast, economists studying such issues as those outlined above frequently analyze gender in terms of the labor market. They discuss, e.g., labor supply and demand, labor force participation, displacement effects of freer markets and industrialization, household and market interactions, and labor-market segmentation and discrimination. Much of this work can be characterized as "input oriented," as the focus frequently is on *how women and men differentially affect development.*

The complementarity of these two perspectives is important for A.I.D. in the context of monitoring and evaluation and quantifying and reporting on females' and males' respective share of development benefits, plus indirect as well as direct effects on development of both groups. Yet neither an output nor an input analysis alone can satisfactorily provide the needed data; nor can unidisciplinary approaches.

In any case, the T&I-specific literature does not often explicitly deal with gender issues. At most, T&I studies may note differences in the gender composition of the labor force and perhaps briefly discuss why these differences arise. Conceptually, this general inattention to gender is in part understandable as an epiphenomenon of T&I's focus to date on macroeconomic processes and indicators such as investment levels, export earnings, tariff reductions, and so on. Indicators that try to evaluate the impact of changes in T&I on the population are often overlooked; and the measures that *are* used leave little room for people-level concerns (whether female or male people). The most common example of a people-level indicator related to T&I is employment creation. Yet in fact, people-level, and therefore also gender, concerns are very relevant -- people of all sorts are producers, consumers of marketed goods, and users of the natural resources upon which the production and consumption of traded goods perforce depend.

### 3.1 A Framework for Identifying and Analyzing Gender Issues in T&I

At the risk of over-simplifying, two key player groups can be used for the purposes of gender analysis within T&I: entrepreneurs and non-entrepreneurs. Taking this distinction as a departure point, gender concerns can be usefully identified and analyzed within the framework presented in **Box 2**. With the basic interests laid out in Box 2 in mind, Sections 3 and 4 present a summary analysis of what the LAC development literature tells us regarding gender, trade and investment, and employment, starting with an overview of structural adjustment and labor force participation rates to set the stage for Section 4.

**BOX 2: A Framework for Identifying and Analyzing Gender Issues in T&I**

Foreign and domestic entrepreneurs have an interest in:

- Present and future conditions of local labor markets (e.g., supply of qualified labor, factors affecting that supply)
- Present and future conditions of local product markets (e.g., demand for products/services, identification of their competitors in both domestic and export markets)
- Local legislation, government policies, standards, and regulations -- and their degree of enforcement -- that affect the labor market (e.g., minimum wages, health and safety regulations)
- Local legislation and government policies concerning foreign investment, earnings, and reinvestment of profits (this also will affect employment creation and job stability)
- Environmental protection legislation and regulations and their enforcement (e.g., pollution control requirements, long term supply of and access to natural resources as inputs to production)

Non-entrepreneurial organizations and individuals such as host country governments and citizens have an interest in:

- Employment opportunities and work conditions offered via domestic and foreign investment, including occupational health and safety conditions
- The effects on jobs and on the local economy of opening up domestic markets to international trade and increased competition (i.e., who are the winners and losers, by class, gender, ethnicity, race, age)
- Household- and family-level impacts of social and economic change
- Tax revenues from international trade, foreign investment, and increased local production, and use of those revenues for social or human capital investments
- Technology imports that increase efficiency and long-run growth but have potential short-run substitution effects for labor (e.g., computers reduce the number of secretaries and bookkeepers; industrial technology can introduce labor-saving techniques but may not be the most cost-effective choice where local wages are low and/or unemployment, underemployment, and population growth rates are high.)
- Environmental degradation and associated quality-of-life issues linked with accelerated rates of production and development
- The balance between the long-run benefits of growth and the short- and medium-run costs of industrialization (e.g., is a Western-style industrial society appropriate for a given country/culture? Is it socially desirable to limit labor-saving technology imports? At what point is employment more important than profits or growth rates, especially in light of income distribution considerations? Are women more likely than men to suffer negative consequences from the introduction of a new technology?)

## 3.2 Gender and Structural Adjustment in the 1980s

The literature on gender and structural adjustment (SA) offers some of the most systematic and innovative attempts to date to apply economic analysis to gender-and-development issues. An example is the use of labor market models to analyze gender within the context of SA (e.g. Addison and Demery 1987, 1989; Collier 1989, 1990). More recently, A.I.D.'s Office of Women in Development conducted a series of case studies on gender and SA to examine economic and social patterns, employment, wages and growth, and the social costs of adjustment in terms of human capital (MayaTech 1991; the studies covered Côte d'Ivoire, Ghana, Jamaica, and Pakistan). The resulting report is noteworthy for its attention to both sides of the gender analysis equation: i.e. how gender affects adjustment, and how adjustment affects gender. The report also provides a good summary of recent attempts to link macro-level policies with micro-level outcomes in the context of gender concerns in development. This report is just one example of a large body of 1980s literature on the effects of SA and recession on women relative to men.[5]

One of the most notable SA problems in the LAC region was that "governments carried out programs of sweeping economic change, but . . . essential social structures remained unaltered" (Bonilla 1990a:3). Underprivileged populations -- including the overwhelming majority of women (and children) -- bore the brunt of the economic reform policies that reduced social services, cut public-sector employment, increased unemployment generally, and tightened credit. As a number of studies point out, SA generally hits women harder than men because of longstanding gender inequities in the labor market and in society as a whole. **Gender differences in labor mobility and work force participation, for example, are critical in explaining differential responses by women and men to SA and economic crisis** (Collier 1989, 1990). The SA process amplifies pre-existing gender gaps in health, education, employment opportunities, and nutrition in developing countries (MayaTech 1991:6).[6] Research has shown that two stabilization policies in particular -- public expenditure cuts and devaluation -- have significant adverse effects on women (Deere et al. 1990, Joekes 1991).

*Gender Impacts of Cuts in Public Expenditures.* Reductions in LAC government spending during the 1980s entailed cuts in important social services and entitlements including, e.g., free health care and education, housing programs, and utilities and food subsidies. With reduced subsidies, prices of basic goods increase, including fuel and food. Women's traditional household and community roles and their disproportionate representation among the poor in LAC mean that women often suffer the most from reduced government spending on social services, since they are responsible for basic domestic needs such as food preparation, general maintenance of the domicile, family health care, and both child and elder care. To save money during tough adjustment periods, women may purchase food with lower nutritional value or choose cheaper, less processed goods that require more preparation than before, thus robbing time from women's income-generating activities (Joekes 1991). To save both time and fuel costs, women may omit one of the daily cooked meals. Or they may cook bulk quantities of food to be eaten cold across several days, with undesirable outcomes for food quality and sanitation. As a result of such cost-cutting measures in the household, children may suffer from poor nutrition during economic adjustment periods. In addition, children's (especially girls') school attendance may drop, as they are forced into wage work to supplement household income, or as they take over domestic chores so that the mother can earn income outside the home.

With respect to the employment effects of government spending cuts, women are adversely affected because as workers they are heavily concentrated in the public and service sectors. Budget cuts mean layoffs, fewer new jobs and/or lower wages in the public sector. Moreover, women face a

double squeeze in such circumstances. In the public sector, "women's jobs" are often considered more expendable; and the skills that women may have acquired by virtue of their employment in the public sector may not be easily transferable to available jobs in other sectors (ibid). Furthermore, the public sector actively employs women in services, and in state-owned agricultural and industrial enterprises; thus SA-induced moves toward privatization put women's jobs on the line in those sectors.

*Gender Impacts of Currency Devaluation.* Initially, devaluation may decrease profits in the service sector, causing women -- the majority of employees in this sector in LAC -- to lose their jobs or take a cut in real pay (ibid). Empirical evidence from the region indicates that, during SA, unemployment rates often are significantly higher for females than males. For example, in 1985 Jamaican women faced unemployment rates of nearly 37% -- twice as high as those for men. Devaluation also increases the cost of living, particularly in import-dependent countries such as those of the Caribbean (Deere et al. 1990). Women, who generally have lower incomes than men, more frequently find their incomes becoming marginal under these circumstances.

*Special Problems for Female-Headed Households.* At the micro level, SA particularly imperils female-headed households, who may depend on one adult income for survival. Characterized by the lack of access to resources, low nutritional status, and a high incidence of poverty, such households average a higher ratio of dependents to providers than do their male-headed counterparts. LAC has the highest percentage of female-headed households in the developing world. Estimates currently range from 25% to 33%, and the figure appears to be increasing. Statistics from the early 1980s indicate that female-headed households are more prevalent in the Caribbean (31%) than in Central (16%) or South America (20%) (Folbre 1991). Research shows that, during periods of economic crisis, these households are particularly disadvantaged in their efforts to provide for basic needs.[7]

### 3.3 Gender and the Labor Force

Labor force participation (LFP) rates -- sometimes referred to as "economic activity rates" -- reflect the number of women and men of working age who are participating in the labor force. This statistic is designed to compare the proportion of the reference group actively participating in the labor force to the total number of persons in the group eligible to work. In the case of women's participation rates, the LFP rate is the ratio of all women in the labor force (including those actively looking for work) divided by all women in the population over the age of 15. A given group's *share* of the labor force (LFS) is the number of group members currently employed as a percentage of all employees in the work force. **Analysis of LFP and LFS rates can provide valuable information to employers, investors and development organizations about the current supply of labor and expected future conditions.** (See **Box 3**)

The literature of the last 10 to 15 years has paid considerable attention to the determinants and rates of women's LFP at an aggregate level. There are, however, large gaps in the availability of gender-disaggregated data at the subsector level (2-3 digit ISIC codes[8]), in part because most surveys of LAC industry do not collect employment information by sex. Nevertheless, household-level employment surveys frequently do record the sex of all working-age members, even though government agencies may not tabulate and report it on a gender-disaggregated basis.[9] While these household surveys pose problems with respect to coverage and comparison with industrial surveys, they currently provide the best proxy available for empirically estimating gender-disaggregated LFP.

**BOX 3: Measuring the Employment Impacts of A.I.D.'s T&I Programs on Women and Men**

An outward oriented trade policy may be particularly beneficial to women by increasing labor market opportunities in which women workers are preferred by employers, on the basis of their willingness to work for lower wages than men, other gender specific characteristics, or tradition. In particular, a focus on export production in some developing countries appears to increase women's employment in certain subsectors of the economy (e.g., textiles, clothing and electronics). Wood (1991) examined the nexus between female intensity in the manufacturing sector and export performance from both a dynamic and a static perspective. For developing countries, she found that those "which exported a rising proportion of their manufactured output to the North tended to employ a rising proportion of women in their manufacturing sectors," and those "with export oriented manufacturing sectors tended to have female intensive manufacturing sectors" (1991:171).

Estimates of the relationship between female intensity and export performance for all developing countries imply that "a 10 percentage point increase in the *ratio* of North bound manufactured exports to manufacturing value added is associated on average with an increase of between 3-4 percentage points in the share of women in the manufacturing labor force" (Wood 1991:175). Wood suggests that, while one might have expected a larger increase in female intensity from an increase in export performance, given the concentration of the South's manufactures in female intensive sectors, the low estimates may be due in part to strong growth in male intensive sectors (steel, ships and autos). The regressions have not been run specifically for the LAC region, where women do form a large share of the export oriented labor force in certain countries. Although it is still early in the process to draw conclusions about employment effects, this relatively easy analysis might provide some insight into the degree to which women compared to men might be expected to contribute to and benefit from an export orientation.

This work has implications for A.I.D.'s indicator exercises. In her attempt to measure the impact of trade on women workers, Wood used the ratio of the increase in female employment in the manufacturing sector compared to non-traded sectors as a relative measure of female intensity in the work force. Ideally, this measure would be used in cross country comparisons to control for variation in the absolute levels of employment increases across countries. The author found that the ratio is not valid as a measure for developing countries, for a number of reasons: (1) changes in female intensity in non-traded sectors probably reflect sector specific rather than economy wide influences; (2) the nature of the non-tradeables sector changes dramatically during development; and (3) employment is often poorly measured in non-traded sectors (Wood 1991).

When evaluating the employment effects of T&I programs, therefore, it may not be sufficient to compare increases in female employment levels in the manufacturing sector with increases in non-traded sectors, and designate the difference as due to the effect of increased trade. In fact, for the LAC region, studies indicate that substantial amounts of female employment generated by trade may be reflected in non-traded sectors and the informal sector instead, as a result of subcontracting and extensive linkages between the formal and informal sectors in LAC economies (Bourque and Warren 1991). Alberti suggests that outwork may partially explain "the apparent lack of growth [in Central America] of the industrial sector as reflected in census data despite select indicators to the contrary" (1989:9). A better measure of the employment effects of trade, particularly for women, should reflect both manufacturing and, at a minimum, some portion of non-traded sector employment gains. The specification of this indicator will require further investigation to determine the appropriate way to capture the full effect and shed light on the differential effects of trade on men's compared to women's employment.

Such survey data exist for a number of LAC countries, including Brazil, Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua, and Panama.[10] For the present, however, a full, accurate analysis of LFP by gender across countries is virtually impossible.

*LFP Rates.* Despite these and other obstacles to reporting women's LFP accurately,[11] the available figures do display some general trends. The average LFP rate for women is 27% in South America and Mexico, 25% in Central America,[12] and 47% in the Caribbean. For men, these rates are 80%, 84% and 77%, respectively (UN 1991). For women in their most active years (age 20-59), however, average rate climbs 6 points in South America/Mexico to 33% (Psacharopoulos and Tzannatos 1992:3). (Readers should consult **Tables 2 and 3, Annex A**; country by country rates are presented in **Table 2, Annex B**.)

In all but three of the 29 countries for which data are available between 1970 and 1990, the rate at which women joined the labor force (the growth in their LFP rate) was higher than the rate for men. This finding reflects a number of factors, including:

- the severity of the drop in real household incomes during the 1980s, forcing women into the work force;
- falling LFP rates overall for men, due to lower participation rates for young and old men;
- greater numbers of girls completing formal schooling and entering the labor force, in response to governments' and development organizations' emphasis on education; and
- greater availability of public sector employment -- which has traditionally offered women more equitable access to jobs than the private sector -- as governments expanded in the early 1970s.

These factors, however, were partially overpowered by the negative employment effects of the economic setbacks of the 1980s. Subsequently, "the [reported] pace of women's entry into the work force has slowed down since 1980 and the increase was only around 0.6% in 1990" (Bonilla 1990b:221). The UN finds that "growth in the female labor force has been undercut by economic recession. Women generally continue to be the last to benefit from job expansion and the first to suffer from job contraction -- particularly in the stagnant or declining economies of Africa and Latin America" (1991:83).

*LFS Rates.* Women's share of the labor force averaged around 26% in LAC in 1990, and is expected to climb to 27.5% by the year 2000 (Bonilla 1990b). In 1990, women represented 26% of the total work force in South America and Mexico, 23% in Central America, and 37% in the Caribbean (**Table 4, Annex A**). While women's LFS is similar in Central America and South America/Mexico, the Caribbean shows a substantially higher figure. But the Caribbean also displays the greatest variation between countries. There, women's LFS runs from a high of 46% in Jamaica to a low of 15% in the Dominican Republic. The latter is the lowest figure reported in the entire Latin American and Caribbean region.

*Unemployment Rates and Share of Unemployment.* Given the emphasis on employment creation in T&I programs, unemployment statistics provide one way of measuring aggregate impact over time. **Table 5 in Annex A** summarizes unemployment rates and the share of unemployment by gender for the mid-1980s. For women and men, respectively, rates were 9% and 8% in South America and Mexico; 10% and 6% in Central America; and 26% and 16% in the Caribbean. Women's share of the unemployed (i.e., the proportion of women in the unemployed population at a given time) averaged 31% in Central America, 40% in South America and Mexico, and 53% in the

Caribbean. At the subsector level, evidence from Ecuador provides some further insight into women's unemployment. In the manufacturing sector, for example, surveys show that the average annual unemployment rate for urban women between 1987 and 1990 was more than double that for men -- 6.97% versus 3.21%. In addition, while women in Ecuador's manufacturing sector during this period represented 32% of the labor force, they constituted more than 40% of the unemployed persons (Mauro and Orriola 1992). Due to survey design problems and other biases, official unemployment statistics often do not accurately reflect women's and men's entrance into the informal sector, where many people found employment during the recession (**Table 10, Annex A**). When these individuals, sometimes referred to as the "underemployed," are included in the analysis, the lack of suitable employment approaches crisis proportions.

In some cases, **high rates of female unemployment may influence government policies in favor of some forms of foreign investment.** According to one study of the Caribbean, "Despite the many problems associated with creating [EPZ] employment, governments in the region find it a ready palliative for the high levels of female unemployment" (Massiah 1990:227). Although industrialization in the Caribbean initially was promoted during the 1950s as a way of "providing productive employment for the surplus labor, including women," in fact it has had mixed results for women's unemployment rates and the male-female gap (Massiah 1990:226). As shown in **Table 5, Annex A**, women's unemployment rates in the Caribbean averaged around 26% in the mid-1980s, compared to an average of 16% for men. More telling, perhaps, is the observation that in several Caribbean countries during this period, approximately 60% of the unemployed persons were female.

In sum, a major issue for those involved in T&I promotion will be to determine the degree to which those programs and policies contribute to and benefit from the incorporation of women as full, permanent members of the labor force. Particularly in countries where there is a large gap in unemployment/underemployment rates between women and men, as in much of the Caribbean, activities geared toward increasing employment may need to consider what factors are behind these gaps. For example, are women workers being utilized primarily as a reserve labor force -- hired during periods of high production to provide the flexibility necessary to compete in large, international markets -- or as a source of cheap, unskilled labor that will be squeezed out as wages rise and attract more male employees? Currently, little research is available to document the effects *over time* of the introduction of an outward orientation on the female versus male labor force in LAC (recall **Box 3**). When the EPZs were relatively new in the 1970s and early 1980s in the Caribbean, for example, volumes of research studies were published questioning the quality and benefits of EPZ employment for female employees. Now that some of these zones have matured, researchers are beginning to ask dynamic questions that need answers: what happens to those workers who leave EPZ employment? do they find comparable, better or worse jobs in the domestic economy? of those workers who remain, do they receive additional training and promotions as the industry process changes or remain in low-skill or entry-level jobs? A further question arises when the analysis of employment effects is extended across class, race or other socioeconomic variables. Are certain groups of women (or men) more susceptible to unemployment/underemployment? what places them at greater risk? how will T&I promotion affect their short- and long-run prospects? and what types of programs can be built into T&I activities that will improve their prospects?

The sustainability of the positive employment effects of T&I will depend in part on the answers to these questions. In the next section, several specific factors which may limit LAC women's and/or men's abilities to participate fully and permanently in a more vigorous labor market are discussed -- all of them have implications for how the labor force will respond to and be affected by T&I initiatives.

## 4. T&I IN RELATION TO EMPLOYMENT AND GENDER

This section explores three types of gender-based discrimination pertinent to T&I: sectoral segregation, occupational segregation, and wage discrimination. In addition, gender issues arising in four topical areas relevant to T&I are reviewed: unionization, the informal sector and outwork, occupational safety and health, and protective legislation.

### 4.1 Sectoral Distribution of Labor by Gender

Women are frequently and traditionally discriminated against in the formal sector in LAC, most obviously by their concentration in certain sectors of the economy. For example, women are predominately employed in the service sector, noted for its flexibility as well as its insecurity. In 1980, 65% of all economically active women in LAC worked in services, compared to 37% of men (Bonilla 1990b). Men are more evenly distributed across sectors, with about a third of all economically active males employed in each of the three major sectors (**Table 6, Annex A**). More recent trends in gender distribution by sector are suggested by survey data from Central American households of the mid-1980s. These data show: a decline in women's employment in the service sector and a rise in men's; slight increases in both sexes' employment in industry; and a rise in (or better reporting of) women's participation in agriculture along with a decrease in men's (compare **Tables 6 and 7, Annex A**).

Population censuses and household employment surveys offer some further perspectives on gender distribution, particularly by subsector. An example is the manufacturing sector in Colombia and Ecuador. In Colombia, women employees predominate in the clothing industry (81% of all workers); and they constitute approximately a third of the work force in food (30%), textiles (35%), printing/publishing (31%), chemicals (42%), and electrical machinery (28%) (UN 1989). In Ecuador, women comprise 60% of the work force in textiles, 30% in printing/publishing, 30% in chemicals, and 35% in food, drinks, and tobacco (Mauro and Orriola 1992).

Gender distributions of labor can vary across subsectors by geographic regions within a country, as well as by whether firms are producing primarily for export or domestic markets. For example, a rapid rural appraisal of Ecuador's export sectors found a high concentration of women in several sectors, but with variations between the culturally distinct sierra and coastal zones (Blumberg 1992). In the sierra, women generally constitute over 60% of the work force in export-oriented flower firms and in fruit and vegetable processing; on the coast, they account for approximately 75% to 90% of employees in most firms involved in fishing and shrimping on the coast. In industry, women average 57% and 42% of the work force in ceramics and leather firms, respectively, and 95% of the work force in the sierran clothing *maquilas* (factories or plants producing exclusively or primarily for export, often under contract to a foreign firm).[13] Similarly, in Costa Rican EPZs women constitute 82% of the work force; of the firms surveyed, 75% manufactured textiles and/or clothing (Hermosilla 1987). In this sample, 68% of the managers interviewed indicated a preference for female workers. Managers observed that women tolerated repetitive tasks better and, more importantly, that women would work for wages 30% to 37% lower than men's.

**These sorts of sectoral or subsectoral distributions of employment by gender can be an important indicator of women's and men's relative stake in and potential benefits from increased T&I in those sectors** (see **Table 8, Annex A**).[14] The preponderance of one sex in a given sector or subsector may relate to the labor intensity of production, wage levels, working conditions, simple

discrimination, and/or cultural factors specific to the sector. Such gender distributions, however, are not static;[15] **they can be affected by activities related to T&I promotion, such as increased access to international markets for a product or suspension of labor market regulations** (e.g., job security, wage indexing, social security/health care payments, maximum hours/work week, maternity benefits; see Section 4.7). For example, low wages in a highly competitive, export-oriented sector or exemption from job security legislation for firms in EPZs may swing the gender distribution of the work force in favor of women in a given situtiion, as they have fewer alternatives for employment than do men. **Box 4** displays four factors that researchers have found important in explaining sectoral distributions of labor by gender in developing countries.

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**BOX 4: Factors Explaining Sectoral Distributions of Labor by Gender[16]**

- *Asymmetric rights and obligations within the household* exclude women from certain types of jobs. The extra hours that women spend on household chores and child care limit their employment opportunities in the formal sector. "The unequal distribution of labor in the home, rather than women's lesser ability to perform other types of work...is the main obstacle to equality" (Blau and Ferber 1986:35).

- *The burden of child bearing and rearing*, in particular, limits women's participation in the formal labor market, as well as the type of jobs they seek. Child care (and elder care) duties place heavy demands on women's health, energy, and time. Women are thus often obliged to take jobs that offer more flexibility, but few other benefits. Although Latin American women are lately bearing fewer children, time allocation studies and time-use indicators show that women are still responsible for the majority of child care and household work.

- *Outdated role models* in the household perpetuate employment patterns of gender subordination. "Women are traditionally seen first as wives and mothers, any other activity performed is viewed as 'complementary' to these primary roles, in spite of the importance it may have for the survival of her [sic] family" (Bonilla 1990a:4). These stereotypes persist in part due to the lack of reliable statistics to show how LAC women's position has in fact changed relative to men's in recent years, particularly in terms of labor force participation.

- *Extra-household discrimination* in the form of social or traditional practices determines the range of employment that is "appropriate" for women and even the kind of schooling they will receive. Although girls and boys have reached near parity in aggregate educational indicators (see endnote 4 and Annex B), aggregate statistics conceal important sex differences in the type of training received (Blau and Ferber 1986). Men and women may specialize in different fields, with women often concentrating in primary education and nursing and men in technical and engineering disciplines (HIID 1990), with notable exceptions. These differences show up in the gender distribution of labor across sectors. Evidence from Argentina, Bolivia, and Paraguay indicates that, "in general, the higher the technological level of an industry or firm, the lower the absorption of women. Labor intensive activities and firms employ proportionately more women than those that are capital-intensive" (Draper 1985:23). This trend is partly attributable to lower numbers of women with technical training and partly to employers' cultural assumptions about what kinds of jobs women should hold.

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In addition, employee recruitment patterns influence the gender-based sectoral distributions of labor, particularly with regard to formal versus informal sectors. Research shows that in urban areas, both female and male immigrants and other new entrants to the labor force can easily get jobs in the informal sector. Nevertheless, it is very difficult for men and especially women to advance into formal sector employment. Instead, "in most Latin American countries, rural women become a permanent part of the service [sector] and informal labor market when they move to the cities. There is little sign of their transition to industrial employment" (Draper 1985:9). Similarly, rural women displaced from subsistence production in Guatemala and Mexico are not being absorbed into the work force of the modern sector when they migrate to urban areas; even middle-class, educated women in urban areas face gender-based segregation and a limited demand for their labor (Tiano 1986:167).

As modern/formal-sector firms grow and require more labor, rather than pulling it from the informal sector, they choose "...fresh entrants to the labor force [students] or recruit from relatives and friends of existing employees" (Mazumbar 1989:59; see also Anker and Hein 1986). Studies elsewhere in the developing world suggest that "recruitment to formal sector employment occurs directly from the rural areas much more often than it does through the urban informal sector" (1989:59). With high percentages of women employed in the informal sector in LAC cities, a disturbing consequence of favoring new entrants or fresh rural migrants, whether male or female, may be to "trap" many women, even those with substantial work experience, in the informal sector.

**In sum, in promoting investment in industrialization and production for export, prior examination of present gender distributions and recruitment patterns among the relevant firms may reveal a potential for gender-based segregation of the labor force.** Once recognized, such potential can be countered in development design with both carrots and sticks -- information campaigns and training that stress efficient employment practices and methods of improving worker productivity levels, and assistance tied to improved labor practices. Unlike more entrenched social behaviors, skewedness in formal-sector labor recruitment may prove fairly responsive to simple incentives such as technical assistance or credit for firms that correct gender, age, or other imbalances in their work force, that advertise employment opportunities publicly, or that actively recruit from the informal sector.

## 4.2 Occupational Segregation[17]

In addition to being concentrated in certain sectors of the economy, women also face crowding into certain types of jobs. This crowding can restrict women's ability to respond to changing economic conditions and limit their prospects for promotion and upward socioeconomic mobility. "Within an occupational group women are almost always in the less prestigious jobs" (UN 1991:87; also **Table 9, Annex A**). For example, in Central America, 83% of secretaries and 95% of domestic workers are female, while only 10.5% of lawyers and 3% of engineers are (García and Gomáriz 1989a). A PREALC study found that between 1980 and 1987, "female participation increased in those areas [of the modern sector] usually associated with lower levels of productivity and salary" (Bonilla 1990b:218); this is in spite of relatively high education levels for women in general in the region, and nearly comparable levels of education for young women and men.

Even the agricultural sector -- sometimes considered to be more egalitarian than other sectors -- provides a ready example of occupational segregation. Women are more likely than men to hold the seasonal or temporary jobs in the sector. In nontraditional agricultural exporting (NTAE) -- where women are employed in relatively large numbers -- proponents have often assumed that women

benefit at least as much as men from increased investments in this sector. Statistics on occupational segregation among NTAE workers tell a slightly different story, however. As a study of Honduras, Nicaragua, and Costa Rica shows, women "occupy more than one-half of the jobs associated with processing or post-harvest handling" (Alberti 1991:2). Moreover, these jobs are seasonal, with many women being hired only at harvest time. In contrast, men tend to occupy the permanent, full-time positions.

At a broader level, the employment environment and overall economic conditions in a country or region may determine the types of jobs women hold compared to men. Bonilla explains the concentration of women in "jobs that require relatively few modern high-tech inputs" as the result of women's entrance into the labor force at a time of high unemployment rates, falling salaries, and highly segmented labor markets -- in other words, during unfavorable economic conditions (1990b:219). When unemployment and underemployment for both men and women are high, the chances of women getting hired for above-minimum wage and/or formal sector jobs decrease. Many employers in the LAC region view women as secondary wage earners with lesser attachment to the labor force; thus they give preference to men when hiring for the "better" (i.e., high technology and higher-paying) jobs (HIID 1990).

The gender literature raises a number of research questions regarding the effects of occupational segregation in the face of structural adjustment and related economic conditions. **First, occupational segregation may well have been a factor in LAC women's relatively high unemployment rates during the economic crisis of the 1980s.** There are at least two questions to consider in this area (Berger 1990:24): First, to what extent are increases in women's unemployment due to decreased employment opportunities for women versus increased numbers of women seeking work? Second, how has the sexual segregation of occupations in the LAC region interacted with cutbacks in employment during recessionary periods, compared with the industrialized countries?

**A further concern is the repercussions for women of the privatization of public manufacturing enterprises.** In developing countries, the public sector is an important source of employment for women in industry and agriculture as well as in services (Çağatay and Berik 1990). These authors point out that public sector employment often offers better wages, working conditions, and benefits. With the move to privatization, women risk losing a significant source of relatively high-quality employment in industry. Çağatay and Berik conclude that "a systematic consideration of gender composition and segregation of employment and the relative conditions of pay and work in public versus private enterprises is essential" for understanding the impact of privatization schemes (1990:120). Additionally, Hollister (1992) points out that as countries reduce public sector wage bills, the cuts often come in the form of decreased wages, rather than jobs. Therefore, while public sector employment may have offered women better wages than private sector jobs in the past, the question arises as to whether the wage gap has decreased in the wake of structural adjustment-related programs; if this is the case, women stand to lose relatively less from the privatization of state-owned enterprises.

To summarize, **occupational segregation affects the distribution of benefits from T&I and economic growth in general. It also limits the flexibility of the labor market to respond quickly to changing conditions and employers' needs.** Although the gap between female and male LFP rates is narrowing, occupational segregation continues to deny women truly equal opportunities in the job market. Gender-based occupational segregation can impact negatively on the rate of private investment in women's education, the gender composition of unemployment, the effects of privatizing

public/state enterprises, and in the broadest sense, sustainable growth and development. While industrialized countries suffer from similar patterns of segregation, evidence suggests that LAC women in many cases face even greater and more deeply entrenched barriers to better quality jobs -- one of the most important benefits of development.

### 4.3 Wage Discrimination

Discrepancies between women's and men's wages in the LAC work force are difficult to measure due to the absence of comparable, gender-disaggregated data. In cross-country comparisons, the problem is further compounded by the fact that wages may represent only a portion of the total remuneration to workers in the formal sector, particularly where inflation is rampant and the currency is being devalued; often, the value of employee benefits is equal to workers' basic wages as a means of protecting them partially from inflation and devaluation (Hachette and Franklin 1990 for Ecuador; Scott 1986 for Peru). The information that is available, however, indicates that women in formal-sector employment consistently hold the lowest skilled, lowest paying, and least secure jobs. Wage discrimination in the LAC region, as in many industrialized countries, is pervasive. Evidence from the industrialized countries unfortunately does not support the expected negative correlation between macroeconomic growth and discrimination -- as labor markets get tighter with reduced population growth rates (in response to increased socioeconomic development), discriminatory practices are supposed to become too expensive and inefficient. Nevertheless, in the U.S., discriminatory practices have been reduced gradually as a result of awareness raising efforts, educational campaigns, and legislation, and to a lesser degree because of tightening labor markets. This suggests that wage discrimination requires direct interventions to make even a dent in the prevalence rates.

Researchers in Brazil and Ecuador used data from censuses, household and employment surveys, observation, and/or focus groups to investigate wage gaps in various industries. They concluded that discrimination plays a major role in determining women's wage levels (CEPLAES 1990, Hachette and Franklin 1990, Higgs 1991). A review of industrial sector employment in Ecuador found that some firms there give different titles to the same job depending on whether it is held by a man or a woman (Mauro 1991). This practice is also cited as a factor in wage differentials in Honduras (USDS 1992) and in the U.S. A study by Malkiel and Malkiel of male and female employees in a U.S. firm showed that estimated discriminatory differentials were eliminated when job categories were controlled for, though it was clear that the employees were mostly doing the same work and had similar credentials (Hollister 1992).

Even with equal levels of education and training, women are paid less than men in similar jobs. For example, in a study of four Latin American cities, women with educational backgrounds comparable to those of the men studied received an average of 58% (in São Paolo) to 83% (in Panamá City) of men's wages in the three categories of professional, skilled or semiskilled, and unskilled labor (Bonilla 1990b). Looking across sectors, however, the overall wage gap appears smaller in industry. The case of El Salvador is instructive. There, women earn 82% of men's wages in industrial jobs, compared to 61% in commerce and 65% in services. Whether in El Salvador or Costa Rica, within the industrial sector, wage differences between men and women range from 11% to 33%, varying across age, urban/rural residence, and public/private sector employment.

Doubtless several variables interact with gender in accounting for wage gaps between men and women in a given job, although there are not many examples of studies that have controlled for more than one or two variables at a time. One such confounding variable is age. For example, household

survey data from El Salvador show the greatest wage gaps between men and women in the 20-39-year age bracket, where women average 67% of men's wages in all sectors. This contrasts with 84% and 92% for women aged 10-19 and 40-59, respectively. Explanations for this difference include suggestions that women in child-bearing/rearing years have lesser attachment to the labor force or are unduly penalized by employers who expect them to have lesser attachment. Another variable is residence in rural versus urban areas, which may reflect differences in the supply of qualified labor. In Costa Rica's industrial sector, rural women do better than their urban counterparts; they earn 78% of men's wages in rural areas, compared to 70% in urban areas. Women also appear to do relatively better in the public sector, where unions more closely watch for wage discrimination (see discussion of unions in Section 4.4). Costa Rican women employed in the urban industrial sector by private versus public firms earned, respectively, 78% versus 89% of men's wages (García and Gomáriz, 1989a:83, 168). In some LAC countries, however, this observation does not apply, as in Chile, where union activity is banned in the public sector.

**The literature offers factors such as the following to explain wage gaps: societal views of women workers; the sectoral concentration of women workers; gender differences in education, experience, and hours worked per week; and overt discrimination.** Researchers note that -- as in occupational segregation -- women generally are not considered primary breadwinners, and therefore are paid lower salaries. A study in Ecuador found that industries employing greater numbers of females have lower average salaries than those hiring predominately males (CEPLAES 1990). A more recent review of industrial labor force data in Ecuador found that within occupational groups, there are large gaps in wages for women and men. For example, among artisans/workers (ISCO 6&7) in the food/drinks/tobacco subsector (ISIC 31) in 1989, 35.4% of women earned 2 or more times the minimum wage, compared to 67% of men (Mauro and Orriola 1992).

Some studies have isolated several other explanatory variables and determined that discrimination in fact does play a large part in female-male wage gaps in LAC. A recent World Bank study found that differences in the labor market endowments (education, experience, hours worked per week) held by female and male employees in LAC explain only 22% of the gender wage gap; the remainder is explained by differences in how the labor market rewards these characteristics in women compared to men (Psacharopoulos and Tzannatos 1992). Psacharopoulos and Tzannatos suggest three reasons why the labor market/employers might pay different wages to a woman and man with equal endowments:

- employers observe differences in productivity between the sexes;
- employers have imperfect information, such that they assume productivity differences between the sexes, even if none exist; and/or
- male and female employees have different tastes (for jobs, working conditions, etc.), such that they value pay differently.

The importance of productivity differences in determining wage gaps, however, is difficult to pinpoint, since very little empirical information is available for developing countries. Schultz points out that "almost no work is being done to estimate the marginal products of men and women" (HIID 1990:24)[18]. Alternatively, the unexplained portion of the gap can be interpreted as a reflection of "overt labor market discrimination, defined as different returns for men and women with the same productivity characteristics" (HIID 1990:19). Studies have found that overt discrimination explains

78% of the male-female wage gap among non-domestic employees in Bógota, and over 60% among employees in Cyprus and 25-50% in the U.S. (HIID 1990). As to differences across gender in valence of pay ("taste" for wages), some researchers have found that the effect is two-way -- "valence of pay may explain pay differentials between male and female employees, and pay levels affect gender-based differences in the valence attributed to pay" (Haberfeld 1992:93). Again, though, no data on valence of pay in LAC were uncovered in the literature reviewed for the present report.

How can gender-based wage discrimination be overcome? A number of researchers suggest redefining skill definitions and supporting the concept of comparable worth, i.e. that wage levels be determined primarily on the basis of the value added by the laborer in a production line or the economic value of a service rendered. Sinclair (1991) points out that most economic theories have naively assumed that perceived and actual skill levels are the same, but this is not always the case. Such an assumption facilitates the perpetuation of wage discrimination. In addition to comparable-worth initiatives, Sinclair and others recommend a focus on redefining skill definitions and associated wage levels, including consideration of:

- traditional economic variables, such as labor supply and demand, demand for the commodity, formal training, and labor intensity of production; and

- nontraditional variables, such as culture or ethnicity, relative bargaining power of women and men, and state policies that differentiate between female and male workers.

Overall, research on wage discrimination in developing countries suggests that, where development support goes directly to industries or firms -- as in cases where A.I.D. funds EPZ infrastructure -- donors should encourage employers to implement the comparable-worth concept in setting wage levels. Similarly, evaluations of the determinants of wage discrimination in a given country or, e.g., of a given A.I.D.-assisted project should consider the implications of both economic and non-economic variables for gender-based wage gaps.

To summarize the foregoing discussions in terms of the T&I initiative within LAC, the Bureau needs to be concerned with wage discrimination for at least three reasons (Birdsall and Sabot 1991).

- In the short term, wage discrimination can interfere with the success of a T&I program by depressing employee job commitment and productivity.

- In the medium term, wage discrimination interferes with the smooth functioning of the labor market, by decreasing the efficiency with which labor is allocated across firms or sectors. This can hamper economic expansion dependent in large part on labor inputs.

- In the long term, wage discrimination decreases the private rate of investment in human capital. By discouraging families and individuals from investing in education and training programs for women, it results in a smaller and lower-quality pool of labor overall. In the LAC region, where increasing numbers of women are heads of households, their ability to earn an adequate income has critical implications not only for their own well-being but also for the health, education, etc. of their children and thus for the labor force of the future.

Clearly, more detailed research is required on skill and productivity levels of women compared to men in similar jobs to determine the true extent of wage discrimination in LAC; this will

likely entail a combination of quantitative and qualitative approaches. The most common approach is to estimate a standard earnings function using detailed individual characteristics, as opposed to direct measures of productivity (e.g., physical output per worker) which are more difficult to obtain. At present, we only can speculate about the degree to which discrimination versus differences in productivity, tastes, or other factors determine gender differences in wages. Assuming discrimination is as critical a factor in the wage gap as preliminary evidence suggests, however, **the important question for A.I.D. is: how and to what extent will wage discrimination interfere with long-run productivity and economic growth rates in particular sectors and with sustainable employment creation for women and men?** An added complication arises from the possibility of a short-term backlash effect of the enforcement of measures to combat gender-based wage discrimination. For example, policymakers may be confronted with a situation where women workers form a large part of the work force in export-oriented production jobs but receive lower wages than men in comparable jobs. Rather than pay higher wages to a large number of female employees in response to the enforcement of equal pay measures, firms may decide -- after assessing the cost of labor versus capital intensive techniques -- to mechanize the production process, reducing the number of jobs available for women. In this case, skills training and upgrading or other measures may be necessary in the short- and medium-term, to help workers adjust to unexpected repercussions.

Wage discrimination may adversely affect the economy's ability in the medium and long term to respond to growth-inducing policy and regulatory changes. For example, a simulation of growth and employment prospects in Ecuador estimated that, if labor and capital market rigidities were removed, employment and average incomes in manufacturing would respectively increase by about 15% and 20%, and output for the industrial sector as a whole by 6% (Hachette and Franklin 1990). These figures might well be lower, however, were the effects of wage discrimination to be factored in, whereby employers offer below-optimum wages to women and thus in the long-run attract female workers with lower levels of education and hence lower productivity levels. Particularly in manufacturing subsectors that employ a high proportion of women, this can affect growth in industrial output. Firms can compensate by: increasing the number of employees (although then they risk paying out more in benefits); changing the gender mix of the work force; or increasing wages paid to females (to an efficiency wage), thereby boosting morale while also attracting more productive employees.

In light of the importance of labor quality and a smoothly functioning labor market to the long term success of the T&I initiative and to development in general, the widespread wage discrimination seen throughout LAC should be of concern to A.I.D. **The T&I initiative itself provides an opportunity for A.I.D. to work to combat discriminatory employment practices.** For example, incentives to change destructive patterns of discrimination can be built into projects of technical assistance, management training and information services to individual firms or worker/producer organizations; and policy dialogue can include a focus on strengthening regulations that reduce discrimination against workers, whether it is based on gender, race, ethnicity, class, or age.

### 4.4 Unionization

The U.S. has an explicit policy to support trade union rights (**Box 5**). In view of the legislation linking democratic processes and trade conditions with the U.S., theoretically, a T&I strategy would include assistance to developing nations to move toward improved worker rights, and hence allow those nations to enjoy open trading relations with the U.S. In practice, however, this type of activity is more commonly undertaken by democratic initiatives (DI) programs in the LAC

missions. Yet, it is an area where collaboration between T&I and DI programs might be useful.

Unions represent one way of improving worker rights. Women's participation in unions has had a varied history. In general, past generations of women tended to have shorter job tenure than men, and intermittent participation in the labor force. As a result, women generally benefitted less than men from joining unions. Now, however, an increase in women's share of the permanent labor force is increasing their demand for union membership. Gender issues arise in unionization insofar as unions:

- effectively "price women out of the market";
- fail to include or reach women at all; and
- fail to represent the interests of female (as well as male) employees.

**Box 5: U.S. Policy on Trade Union Rights**

"The right to form free and independent trade unions is an essential element of a democratic system" (USDS 1990:1). U.S. regulations covering the Generalized System of Preferences (GSP), the Overseas Private Investment Corporation (OPIC), the Caribbean Basin Initiative (CBI), and the Omnibus Trade Act of 1988, require that "countries trading with the U.S. be taking steps to provide the following five basic worker rights:

- freedom of association,
- freedom to organize and bargain collectively,
- prohibition of forced labor,
- minimum age for employment, and
- the right to acceptable conditions of work" (1990:1).

With regard to the first of these issues, by facilitating wage increases and potentially reducing the demand for labor, unionization can have a gender-specific impact when women are crowded into low-wage employment. When wages rise in response to union pressure, women may face added competition for jobs from men. Monitoring the female/male distribution of jobs and promotions in these situations will allow the identification of such unexpected, adverse effects. Additionally, unions can sometimes be a source of segmentation in the labor market, with unions and employers combining their economic interests to restrict free entry into formal sector employment, e.g., through labor contracts with tenure clauses or other riders (Hachette and Franklin 1990).

Secondly, unions frequently fail to reach out to female-dominated professions or subsectors. For example, an increasing number of women in the Caribbean work in EPZs -- where governments have often suspended the right to organize -- or in the informal sector -- where trade unions have not yet been able to operate effectively (Deere et al. 1990). An assessment of gender issues in several export-oriented subsectors in Ecuador collected information on 23 NTAE firms and 27 industrial exporting firms, including several where women formed a majority of the work force; none of the 50 firms had unions (Blumberg 1992). A study of female factory workers in Quito, Ecuador found that only a limited number of women worked in unionized factories. In those factories that did have unions, however, only 60% of female employees were members, none held leadership positions, and few attended union meetings (Mauro 1989).

In general, LAC women during the 1980s were seldom employed in unionized professions or positions, which probably contributed to greater wage decreases for women than men in LAC during that period. Citing a 1988 PREALC study, the IDB reports that "the salary decline [was] greater for

the less 'organized' workers -- that is, for agricultural, construction and minimum wage workers -- who constituted the great majority of workers in Latin America at the outset of the 1980s and an even greater majority by 1987" (Bonilla 1990b:219). Many of these less organized workers are female. In Chile, for example, unions of independent workers and temporary and casual laborers (often working in the informal sector) are permitted and encouraged as a means of helping people survive the recession. These unions, however, are much less effective than company unions, which are allowed to engage in collective bargaining and which face fewer logistical problems in setting up meetings and carrying on their activities. Although Chile's informal sector employed 25% of men in the urban labor force in 1982 and 40% of women, these workers "cannot have company unions or are expressly prohibited from collective bargaining" (Gálvez and Todaro 1990:120); these restrictions are applicable to all employees who work in companies with less than eight employees, a sizeable percentage of the population. Access for women is further restricted by occupational distribution: "twenty-two percent of women in the formal sector (13.5% of the urban female labor force) work in the state bureaucracy, which is not permitted to engage in collective bargaining" (ibid).

In addition to the wage increases associated with collective bargaining, a union presence may help deter discriminatory job classification practices. For example, non-unionized firms in EPZs in developing countries "usually classify women's work as unskilled (or sometimes semi-skilled), and women are paid wages which are significantly lower than those paid to male workers in the zones" (Sinclair 1991:13). [The author, however, does not indicate whether differences between females and males in job type, experience, or education were controlled for in arriving at this conclusion.] On the other hand, older studies in the U.S. found that unions tend to discriminate against women, leading Hollister (1992) to ask if a weakening of unions in those cases might improve the relative position of women. None of the literature covered in the present survey, however, provided any insight on this question.

Along the Mexican-U.S. border, trade unions historically have been active in the *maquilas*. But in 1981, these unions were characterized as "predominantly composed of temporarily active female rank and file members" whose high job turnover rates compromised union effectiveness (Peña 1981). Within the border industries, unions were relatively rare among subcontractor operations during the 1970s, where women employees predominate, whereas subsidiary operations faced strong attempts to unionize. Peña suggests that differences in the division of labor and technical organization between subcontractors and subsidiaries may reflect differences in the degree of unionization between the two, although he points out the dearth of empirical data on this question. This phenomenon has implications for gender, to the extent that women employees are found in greater proportions than men in subcontractor operations and therefore may have less access to unions.

Finally, when women do participate in unions, they often find that their interests are not being represented. It is not clear from the literature whether unions are effectively representing female employees in LAC. In Brazil's chemical and pharmaceutical industry, for example, female union members feel that the union does not represent their interests. With women's wages only 60% of men's, women must work overtime on the weekends to supplement their low incomes. But male union leaders see weekend work as an infringement of worker rights (Higgs 1991).

In contrast, Nicaraguan women during the 1980s appeared to be making steady gains in getting unions to represent their concerns. The literature reviewed for the present report, however, did not provide information on how this situation may have changed since the defeat of the social-oriented Sandinista Party in the elections of February 1990. In 1985, women made up 40% of

Nicaragua's Agricultural Worker's Union (ATC). This percentage equaled their proportion of permanent salaried agricultural workers. By 1989, women held 35% of leadership positions in the ATC and had successfully pushed for the establishment of 108 rural child care centers (Perez-Aleman 1991). By 1989, contract negotiations by the ATC covered paid maternity leave and child care services. Also in Nicaragua, women industrial workers constituted 37% of the Urban Workers Union (CST) in 1989. At that point, they were negotiating for "the elimination of pregnancy test requirements for employment and access to technical and organizational training as well as sexual education" (Perez-Aleman 1991:16).

Caribbean unions' record of representing women's interests has been characterized as poor and declining (Deere et al. 1990). In firms with a union presence, sexism is reportedly pervasive among male union leaders, employers, and employees in general. However, the Caribbean Congress of Labour (CCL) has "at least formally taken up the call for the need to increase women's access to education and training and to remove discrimination in employment; it also supports such measures as greater access to child care at the work place" (Deere 1990:99).

In an effort to obtain better representation of their interests and of women-specific labor issues, women may form their own unions. But research suggests they may not be as effective as mixed-sex unions. An examination of the Mexico Women's Garment Workers Union, an independent union with 95% female membership, found "that although the Union draws great strength from its identity as a women's union, this strength has been difficult to translate into union-related gains such as new work contracts and improved working conditions" (Carillo 1989:i).

To summarize, although the literature reviewed for the present report did not provide a comprehensive base from which to assess women's representation by labor unions in LAC, a few trends do emerge. For one, **the gender-specific effects of unionization on employment opportunities, wages, and job quality constitute a high-profile area where (for whatever reasons) information is sorely lacking.** A.I.D. policies on these issues, to the extent that they consider gender, have necessarily been based on scattered case studies and probably to some extent on extrapolations from theory and evidence from outside the region. For another, **women appear to form a larger part of union membership in the Caribbean and some parts of Central America than in South America.** This may be attributable in part to past restrictions on union activity during political upheaval, as in Bolivia and Argentina, such that women formed alternative support systems (women's groups) to address issues that might otherwise have been dealt with by unions (Beuchler 1985:174). Finally, although the literature gave no evidence of closed-shop or other exclusive union policies that might prevent women from moving into formal-sector, unionized employment, it is difficult to ascertain what the lack of published attention to this and other issues signifies. Does it mean that a given issue is non-problematic? Or simply that research results as yet exist only in fugitive form? Or, is there in fact a serious gap in our knowledge of gender and unionization in LAC?

Unions and labor movements have important potential for safeguarding workers' rights in the face of increasingly competitive international markets. In A.I.D. operational terms, support for these activities and institutions more commonly originates in the democratic initiatives programs than in T&I programs; however, this is an area where collaboration between the two programs may prove useful in achieving the overall goal of "good" development.

## 4.5 The Informal Sector and Outwork

These same questions apply to the literature on linkages between the informal sector and T&I -- particularly export-oriented production. Many of the problems encountered in attempts to analyze gender issues in unionization also impede full analysis of the informal sector and "outwork."[19] For instance, **the literature is largely silent on the importance of outwork (also known as "home work") in export-oriented production and on whether enforcing labor legislation pushes women into the informal sector, or keeps them from moving out of it.** The informal sector increasingly absorbs many new female entrants into the labor force (Schultz 1989). Particularly in LAC, women tend to concentrate in this sector, working as street vendors or doing piecework or industrial outwork in their homes. Many women and men choose (or are forced by economic necessity) to rely on the informal sector as their primary source of income. One advantage of such employment for women is that it can offer them more flexibility in balancing work with child care and other responsibilities (recall **Box 4**). Yet in comparison to the formal sector, such employment is generally less secure; it guarantees no fringe benefits; wages are often less than the legal minimum; real wages are subject to greater declines in recessionary periods because they are not indexed; and gender-based wage discrimination can be more severe (Bonilla 1990b, Hachette and Franklin 1990; for a case-study from Brazil, see Jatobá 1989; for additional references on outwork and the informal sector, see endnote[20]).

During the 1980s, as employment opportunities in the formal sector shrank, the informal sector became a critical source of jobs for both men and women in LAC (**Table 10, Annex A**). In Brazil for example, between 1981 and 1983 the informal sector as a share of the urban labor market grew by 7% (to 35%), compared to an increase of only 1.6% in the formal sector (Jatobá 1989:49). The informal sector is also important for industrial production.[21] Again in urban Brazil, it accounted for 16% of industrial-sector employees in 1983, including 62% of poor employees (ibid). In Nicaragua, where the informal sector absorbed 57% of all employed women in 1985, 21% of those women worked in the industrial sector. For Costa Rica in 1983, these figures were 23% and 37% (García y Gomáriz 1989:84, 382).

Not surprisingly, concrete data on the prevalence of outwork in developing countries are scarce. The ILO, however, reports that, worldwide, outwork is most common in the industrial sector, especially clothing and textiles (ILO 1989). The leather and electronics industries also frequently use outworkers on a piece-rate basis. The ILO gives the example of Germany, where outworkers are found in the following industries: iron, metal, electronics, opticals, clothing, chemicals and synthetics, and paper and cardboard processing. Whether in LAC or elsewhere, women workers generally predominate in outwork.

**Some preliminary evidence suggests that outworkers may indeed be affected by T&I.** For example, in Mexico City in the early 1980s, subcontracting involved mostly production for the domestic market (in plastics, electronics, consumer durables, metals, textiles, clothing, and cosmetics). Nevertheless, foreign capital played a critical role in the subcontracting chain: of the firms using outworkers in one study, 16% were multinational corporations while another 69% were under subcontract to multinationals (Benería and Roldán 1987). In other world regions as well, stagnation in women's employment following increases in large-scale, export-oriented manufacturing suggests "a possible growth of women's employment occurring outside large establishments, through homeworking" (Çağatay and Berik 1990).

Outwork has been described as problematic in equity and gender terms because it is difficult to monitor work conditions, health risks, wages, and so forth in such a labor force. In Latin America, "piece rates paid to homeworkers in urban areas are less than those paid in factories; but those for home work in rural areas fall to the very bottom of the wage scale" (de los Angeles Crummett 1988, cited in ILO 1989:10). Traditionally, labor activists have fought for bans on outwork "because of universally low returns to workers and poor work conditions where industrial outwork prevailed" (Ibrahim 1989:1103). Workers frequently are not compensated for depreciation on their tools, so their real income (wages minus depreciation) is substantially less than it appears. In effect, employers pass on much of the cost for rent, tools, and machinery to the outworkers. Moreover, **with regard to outworker health and safety, "there is mounting evidence of hazards to health and safety, not only for workers, but for their entire families when industrial outwork is unregulated" (ibid). Unfortunately, empirical studies to support such assessments are rare.**

Industrial growth in LAC generally has been characterized by lower-than-usual labor absorption rates in the formal sector, because the informal sector has been a strong, traditional source of employment in LAC and "the predominant instrument for dealing with variable labor demand in many industries and countries" (Portes and Benton 1984:608). Further, efforts to enforce labor legislation encourage covert and/or part-time hiring and subcontracting. The problem of low absorption rates is compounded by vast and rapid rural-to-urban migration, which generates more workers than the modern urban sector can absorb.

In Central America, for example, the literature indicates that the result has been a trend toward industrial outwork. This trend may help explain why, in contrast to other data, census results show little growth in industrial employment, particularly for women. Guatemala's case is illustrative. There, the industrial sector absorbed only 19% of women workers in 1987, down from 28% in 1980. On the other hand, the *maquila* industry around Guatemala City increased 700% between 1986 and 1989 with an almost exclusively female work force; the extent to which these women are involved in outwork or subcontracting, however, is either not reported or not known (Alberti 1989).

**In the context of T&I promotion, the informal sector becomes an issue insofar as the emphasis on profitability and cost containment for firms competing internationally encourages their use of outworkers or subcontractors in the informal sector.** Outworkers may be used to avoid higher formal-sector labor costs resulting from labor market regulations. In some cases, T&I promotional activities may have encouraged an increase in the use of outworkers, in that:

> as workers are pulled toward EPZs and assembly work, it is common for new patterns of decentralized outputting assembly, information processing and service work to emerge. This spinoff work from multinational plants is often organized outside government regulation as part of the informal sector, where work is done in the home or in unregulated sweatshops (Bourque and Warren 1990:91).

Some economists argue that outwork is not a viable substitute for formal sector production given the requirements of quality and reliability for production for the international market. For example, noting that labor deregulation of the formal sector in developing countries is often necessary, Krueger suggests that "the scope for substantial growth of exports based on informal sector production is probably highly limited ... [given] the demands of the international market for uniformity, large-scale shipments, and timely delivery" (Krueger 1988:374). In fact, she considers that labor market regulations -- such as wage restrictions, mandatory job security and benefits, or wage indexing -- that raise the cost of formal sector labor "would discourage exports *even* in the

presence of a low-wage informal sector" (ibid; italics added). This hypothesis has not been examined systematically nor empirically tested; such an analysis would be valuable in shedding light on the effects of T&I promotion on women and men workers in the LAC region and elsewhere, and for the success of such initiatives. One question to consider in this regard is whether low wages are the price of an export-driven, labor surplus economy, or are there viable alternatives? Related issues -- some of the pros and cons of deregulation -- are discussed in greater detail in Section 4.7.

Various authors and organizations (e.g., Benería and Roldan 1987, Bourque and Warren 1990, Nash and Fernandez-Kelly 1983, UN 1989) have pointed to a number of outwork issues that require research and merit increased state (and presumably donor) attention. These can be summarized as follows.

- For the industrial sector, should the state encourage multinational production, and how should it respond to the resulting pattern of centralized and decentralized production?

- Formal-informal sector linkages in manufacturing regarding women's participation in the industrial sector need to be researched and the findings utilized in designing human resource programs (e.g., with attention to the numbers of female/male workers and the tasks they perform).

- Technology appropriate for formal sector employment needs to be studied for the development of training and technical cooperation programs.

- The practice by large, formal sector firms of subcontracting to small and/or home-based, informal sector units needs monitoring to determine the relative advantages and disadvantages for female and male small-scale entrepreneurs.

**Policy dialogue regarding state regulation of the industrial sector and foreign direct investment needs such information in order to proceed in a manner that protects workers' rights while encouraging sustainable employment growth in LAC.** And as noted above, human resources development programs need the information in order to provide appropriate education and training for workers. **A further consideration for A.I.D. relates to the design or evaluation of methodological tools using employment figures as accurate performance indicators** (recall **Box 3**). Employment figures alone may understate the effects of T&I promotion activities, and therefore not provide accurate indicators of success (or failure).

In short, given the present lack of empirical data, at present one can say only that the informal sector and outwork may play a significant role in export-oriented industrial production in LAC. It is possible that employers will continue to use the informal sector to avoid the higher costs of formal-sector labor, including mandated fringe benefits, limited work weeks, restrictions on layoffs and dismissals, wage indexing, and safety and health regulations. If so, an A.I.D.-supported export focus may exacerbate this trend. Nevertheless, A.I.D. and host country governments must consider the tradeoffs and potential criticisms entailed by deregulation of labor markets. Comparisons are being made with the U.S. and other industrialized nations that have highly regulated labor markets (particularly concerning health and safety) and hard questions are being asked about why developing countries should have "lesser" standards. These issues and others have implications for various T&I-related concerns in which gender issues are explicit or implicit, including, e.g., the distribution of

benefits from T&I, the development of a thriving formal sector, the establishment of an efficient tax base, and the safeguarding of worker rights and health.

4.6 Occupational Health and Safety, and Environmental Concerns

Some disturbing trends about health and safety regulations have been reported for the LAC region, particularly among agroprocessing industries. Preliminary evidence points to dangerous levels of employee exposure to pesticides. Exposure is especially great among workers who do stoop labor, such as weeding and harvesting of fruits, vegetables, or flowers (Blumberg 1992, CEPLAES-UNFPA 1990). **The relatively high proportion of women employed in such work raises serious questions about long term health *risks* from agrotoxins and about associated health care *costs* for women workers (especially those of child-bearing age) and for both their nursing and unborn children,** who are at risk of exposure to tainted breast milk or even *in utero* pathologies.

For example, a study of cholinesterase levels in nearly 400 employees of Ecuador's largest flower export firm found that of 178 women who were directly exposed to pesticides in their work, 13% experienced a drop of 30% or more in their cholinesterase levels, putting them at risk for long term liver and kidney damage. Among the firm's 136 male employees who were directly exposed to pesticides, however, only 3% were at similar risk (Andrade, cited in Blumberg 1992). Were data on the occupational distribution of females and males in this flower firm available, they would likely help explain why four times as many women as men had such depressed levels of cholinesterase. Casual agricultural laborers face added risks, as employers may require them to furnish their own pesticide-protection gear. Among female casual laborers interviewed by Blumberg (1992), all were poor and none wore protective clothing, presumably because they could not afford it. (See also Lecha, et al. 1989)

Health risks are also associated with certain industries such as chemicals and pharmaceuticals, which hire a significant proportion of women in Brazil, Ecuador, and Venezuela. Recent case studies indicate high levels of exposure to industrial chemicals and solvents, including some with known abortifacents (e.g., mercury, phosphorous, lead). In Ecuadorian ceramics plants, which frequently employ women in large numbers for detail work, dust inhalation and noise, respectively, contribute to chronic bronchitis and deafness among female employees (CEPLAES-UNFPA 1990). *Maquila* jobs in Mexico have been described as "often dangerous, involving toxic chemicals in plants with inadequate ventilation, or requiring workers to use machinery without safety devices" (Mirowski and Helper 1989:29).

Such disregard for employee health, whether women's or men's, is difficult to measure in many parts of LAC, given that under-reporting of work-related illness or injury is common, enforcement of safety regulations is weak, and the informal sector is so large (e.g., Frumkin and Câmara 1991). Additionally, published health and safety data are seldom disaggregated by gender, so it is difficult to detect correlations between risk levels and occupation by gender.

**In sum, information about toxic risks, occupational disease and injury, and the actual impacts of legislative and regulatory systems on a gender-disaggregated basis should be viewed as a critical input to decisions regarding regulatory reform and protection for the health and safety of workers employed in the increasing numbers of donor-encouraged export-oriented enterprises.** At present, we have very little information about the incidence of pesticide-related illnesses and other occupational hazards among LAC workers <u>by gender</u>, although it appears that

several environmental groups are looking into these and related questions as a result of concerns over the North American Free Trade Agreement (NAFTA). Without this information, it will be impossible to gauge, particularly in new industries, how much or little protection is needed and who is at greatest risk, and to advise policy makers accordingly.

### 4.7 Protective Legislation

There are strong arguments in the literature both for and against labor regulations in developing (as in developed) countries. When gender is considered, the arguments become more complex, with the optimal solution lying somewhere between strict regulation and deregulation, as discussed below. Writing about urban employment in the LAC region, Tokman warns that "policies intended to reform labour codes and social security systems are being suggested without sound analysis of the existing situation nor of the relevance of available prescriptions to the Region's specific problems" (1989:169).

As discussed in Section 2, improving the legislative and regulatory environment for trade and investment is a focus of the T&I initiative. One of the objectives of policy dialogue in this area is to remove impediments to growth, such as regulatory barriers to investment flows or restrictive labor codes that slow resource reallocation during structural adjustment and hinder foreign investment (Fischer 1991). Arenas of gender-relevant protective legislation that are discussed in the literature include:

- minimum wages,
- occupational health and safety regulations, and
- legislation covering outwork.

Regulating the minimum wage is one common form of protective legislation in LAC, although there is much debate about its net effect on employment because the regulations are rarely enforced. Theoretically, enforcement of a minimum wage increases the proportion of the labor force -- and particularly the proportion of women -- working in the "uncovered" (informal) sector (Schultz 1989). Schultz suggests that this phenomenon is present in Latin American countries, due to the high incidence of labor market distortions, including protective legislation which, he maintains, "hinders the expansion of employment by firms and impacts most strongly on women who are paid less than men and thus are more likely to be excluded from minimum wage employment by firms" (Schultz 1989:32). Nevertheless, research in the U.S. found that the increase in the minimum wage in the late 1980s did <u>not</u> reduce employment (Card et al., cited in Nasar 1992). Horton et al. (forthcoming) conclude that the results for the LAC countries they studied are mixed, and others suggest that prevalent job security legislation in LAC is a much more important constraint (Hollister 1992). Many authors also question whether eliminating the minimum wage really would improve employment prospects for unskilled workers, particularly given that employers commonly ignore labor legislation for this group (e.g., Eaton 1992:392, Hollister 1992). Finally, in the absence of an enforced minimum wage, informal sector employment is relatively more attractive to some women anyway, given the additional flexibility it offers.

The labor codes of many LAC countries have comprehensive occupational health and safety regulations. These range from limits on the length of the work day/week to rules about exposure to

hazardous materials. The degree to which regulations are enforced varies across countries and between urban and rural areas; but in many cases, enforcement is at best sporadic. These labor codes often date from the 1930s, when the International Labor Organization (ILO) actively lobbied governments to pass protective legislation, particularly safeguarding female employees. Labor activists, employees, and feminist groups now view many of the resulting regulations as outdated. An example is the longstanding prohibition of nightshift work for women, which some countries (e.g. Argentina) are now repealing. Other regulations may not, in practice, offer the protection they intended to mothers and unborn children. An example is providing maternity leave as a way of protecting them from exposure to harmful substances. But in fact, many women will continue working until parturition so as to be able to spend their leave with the newborn infant (CEPLAES-UNFPA 1990).

Also common throughout LAC is protective legislation covering outwork.[22] The literature focuses less on the deterrent effect of outwork legislation on women's employment than on whether it provides sufficient protection. Because this legislation applies to the informal sector, governments face even greater hurdles in enforcement, and the laws often are ignored. To avoid complying with the laws, some firms do not report the outworkers as employees. Consequently, "Trade unions point to the widespread phenomenon of clandestine home work in countries with home work legislation where employers seek to avoid application of the law" (ILO 1989:22).

The ILO reports considerable concern among labor activists in LAC about employment conditions for outworkers. In Peru, the National Institute of Planning has recommended that the labor inspectorate compare sales with reported output, as any difference would be a sign of undisclosed home work (ILO 1989:24). In a 1989 letter to the ILO, the Barbados Workers' Union expressed concern about the trend toward homeworking and other forms of private contracting, whereby "employers are dispensing with their responsibility to provide social security benefits, a safe and healthy work environment, employment protection and avoid dealing with trade unions by claiming that workers are not employed by them but are contractors" (ILO 1989:178). The Federation of Private Enterprises in Central America and Panama took a more moderate position in 1989: "Home work is an important factor which may facilitate the incorporation of part of the population into the [labor force]. It is clear to us that legislation aimed at avoiding the abuse of homeworkers should exist. ... It has been demonstrated that this new kind of work has important advantages, even though its real benefits have not yet been evaluated" (ILO 1989:173).

In recognition of the increase in outwork as a result of deregulation of the labor market in some countries, in 1989 the International Confederation of Free Trade Unions in 1989 called for a worldwide census of homeworkers, special union programs to lobby for protective legislation, collective bargaining for homeworkers, and a general resistance to "economic policy decisions that destroy the livelihood of [homeworkers]" (ILO 1989:174).

**The desire to promote free markets in LAC while maintaining socially acceptable standards of employment has given rise to a number of arguments for and against protective legislation.** The arguments include a demand-side focus on economic costs and global competition for investment and a supply-side focus on opportunity costs. The demand-side arguments suggest that protective legislation may in some cases be an important constraint to women's ability to contribute to and benefit equally from increased trade and investment, insofar as it deters firms from employing women or depresses investment in female-dominated subsectors of a country's economy. Many LAC women (and men) hold jobs that are not protected by labor laws (e.g., in small-enterprise, domestic,

or informal-sector work). But when labor legislation does apply to women's work, some contend, it has "a dual impact: it improves the conditions of the work but raises the cost of employing women, thereby 'protecting' them from their jobs" (Draper 1985:11; also HIID 1990). Prohibitions against nightshift work for women, mandatory maternity leaves, and other benefits increase the cost of female, relative to male, labor. Theoretically, therefore, these increased costs constrain demand for female labor in the formal sector, assuming legislation is enforced.[23]

**A broader demand-side question is to what extent labor regulations influence investment decisions by foreign and/or domestic firms** (Ibrahim 1989, Krueger 1988). For example, a firm considering investment in textile factories or light manufacturing can generally expect to hire a large share of female employees. A prior review of labor regulations may sway investment in favor of South Asia, where regulations are less onerous than in many LAC countries. Following upon the 1974-1975 recession, the Mexican government was confronted with just such a situation vis-à-vis North American firms operating *maquilas* in the border region. "Claiming that certain legally-mandated workers' benefits decreased Mexico's attractiveness as an investment site, the firms threatened to relocate in nations with lower costs" (Tiano 1984:3). Subsequently, *maquilas* were exempted from several requirements, including those ensuring job security and limiting temporary employment. Caribbean feminists, among others, have argued that firms locating overseas to take advantage of cheap female labor provide no long term benefits to a country or to the women they employ. The feminist attitude is "let them locate elsewhere." Nevertheless, the literature provides evidence that foreign investment and export-oriented firms, while not paying wages comparable to those in industrialized countries, often offer women better work opportunities and conditions relative to other options for female employment at the time. Policymakers are considering other routes to increasing international competitiveness which can potentially allow LAC export-oriented industries to maintain reasonable wage levels and work conditions while successfully competing against countries with lower labor costs (e.g., in southeast Asia). These include lowering other costs of production, such as high import tariffs on intermediate and primary goods; capitalizing on LAC's relatively lower shipping and transportation costs to North America; and improving regional distribution in response to LAC consumers' increasingly open attitudes toward LAC products.

On the supply side, however, maternity leaves and other benefits like child care substantially reduce the conflict between women's work outside the home and their maternal roles. These women-specific benefits can ease female entrance into the labor force, thereby increasing the pool of labor from which firms can draw. Protective legislation, when enforced, can lighten the double burden of women coping with formal employment without many of the time-saving household devices available in industrialized countries. It also can prevent exploitation of female and male workers and counter discrimination against women and minorities, for example, by legislating work conditions and minimum wage levels. Thus some authors (e.g., Standing 1989) warn against labor deregulation, arguing that it may widen the wage gap between women and men and relegate more women to low-wage employment. Labor deregulation taken too far can lead to formal-sector work conditions that mimic those in the informal sector. This is a particular danger in subsectors that face highly competitive domestic or global markets.

Research evidence concerning the net effect of protective legislation is contradictory. An analysis of the early industrialization process in the U.S. showed few or no negative effects of the *introduction* of protective legislation on women's employment (Goldin 1990). On the other hand, a study in Egypt found that, following the enactment of protective legislation, "firms quickly divested themselves of female workers" (HIID 1990:17). In LAC, the situation is reversed, as policymakers

are considering the *removal or relaxation* of regulations already in place. Therefore, **research is needed to determine how the market and individuals will respond to deregulation -- will the demand for female workers increase in response to lower costs? or will there be no change, with the supply of female labor gradually declining in response to greater role conflicts and fewer benefits from work outside the home?** Researchers have suggested alternative scenarios, such as enacting legislation that provides benefits yet prohibits discrimination, and paternity leaves that help reduce the distortion between female and male labor costs.

Activists and policy makers have been challenged to stop sending mixed signals about formal sector wage employment, protective legislation, and job displacement. "As long as government officials receive mixed signals from their pro-women constituencies, they can justify nearly any action or failure to act" (Ibrahim 1989:1105). Ibrahim recommends that donors and labor activists:

- encourage better interaction between private employers and government;
- more carefully monitor and enforce regulations;
- improve the information available to decision makers, e.g. via research on the effects of labor laws; and
- strengthen labor organizations that are working to improve women's jobs.

As part of A.I.D.'s effort to enhance the T&I environment, deregulation has the potential to either better or worsen women's employment opportunities. When encouraging government deregulation of the labor market, an initial analysis of the costs and benefits of existing regulations would be appropriate, particularly regarding protective legislation that is based on gender or that has a gender-differentiated impact. **By analyzing both the financial and social costs of key regulations, research can suggest to policymakers which regulations should be retained, removed, or modified in the interest of promoting a smoothly functioning labor market while maintaining certain socially beneficial or culturally important protective measures.** For example, generous maternity leaves might be highly valued by a country for their long-run benefits and therefore outweigh the risk of deterring female employment in the formal sector.

To summarize, a better understanding of gender-specific and other effects of protective legislation on T&I and employment is needed in the following areas.

- What effect, if any, will the loosening of minimum wage legislation have on employment opportunities for women and men?
- To what extent is the introduction or enforcement of legislation correlated with increasing proportions of women employed in smaller enterprises or as outworkers, such that employers avoid complying with many regulations?
- To what extent are which existing health and safety regulations enforced or not enforced, possibly with gender-based differences?

- How large a share of employers are affected by which regulations (e.g., the proportion of firms with over 10 employees, thereby subject to certain labor regulations)?

- What exemptions from labor regulations, including health and safety regulations, are in place for export-oriented firms or firms operating in free trade zones, and to what effect?

- To what extent do foreign and domestic investors consider the costs of labor regulation in deciding where to locate new facilities?

## 5. SUMMARY OF OVERALL RESEARCH RECOMMENDATIONS

The literature offers a series of arguments for considering the direct and indirect linkages among gender, employment, and some of the policies and programs advocated through the LAC Bureau's T&I initiative. Two key themes permeate these arguments: LAC women's traditionally disadvantaged position in the labor market relative to men; and the need for a well-functioning labor market with full access to the scope and quality of human resources required to develop an internationally competitive production base.

Several questions were raised which link people-level concerns with T&I-related issues. For example, how do export development programs affect the relative demand for female and male labor in a given industry? What are the implications for worker skills and education requirements, and do A.I.D.'s training or institutional support programs have any capacity to provide assistance in this respect? Is the supply of qualified labor sufficient to meet demand as firms expand? Are there regulatory requirements (e.g., maternity benefits) that appear to restrict demand for female labor? Conversely, are there requirements or exemptions (e.g., in EPZs) that increase that demand by lowering costs? Is information on the labor force and labor regulations being provided to potential investors and to what effect? Do women appear to be at higher risk of occupational disease in a given industry, due to their concentration in certain jobs/activities? If so, can A.I.D.'s technical assistance programs and information services address worker safety issues or tie assistance to improved conditions? Likewise for discriminatory practices, which require attitudinal changes. Can A.I.D.'s programs be a vehicle for testing pilot educational campaigns to increase firm and worker productivity by reducing discrimination?

Several gaps in our knowledge of gender and T&I issues have been identified in this paper, some of which are alluded to above. These are summarized below as research recommendations. While many of these recommendations flow directly from the analysis in the body of the report, others derive from suggestions and comments made by reviewers. Still others emerge from the juxtaposition of the literature review with LAC programs and policy initiatives, and thus do not appear previously in the report. In many cases, the recommendations are directly linked with the LAC Bureau's programmatic interests. In others, background research is recommended; such recommendations are included because they represent information that is critical for policymaking and program decisions when people-level concerns are considered. The recommendations are reproduced below in the order in which they appear in the report; however, those which are relatively high priority have been highlighted with stars in the margin.

*Employment Effects of T&I*

- ** **Skills Match and Technological Change.** The question of skills match in the emerging export-oriented sectors arises in the context of efficient production and the efficient allocation of human resources. Ideally, labor should move into private enterprises in these sectors as investment pays off and jobs are created, with a variety of skills being called for. Training to upgrade rural women's and men's skills in agribusiness-related jobs, for example, could give them a comparative advantage in making the transition to a newly emerging subsector. Alternatively, skills upgrading programs can help women retain traditionally female jobs when industries modernize. For example, in response to direct foreign investment or joint-ventures, a more open trade environment, and/or the pressures of international competition, some traditional industries may introduce new production technologies for which women, in

particular, are poorly trained. What kind of skills training is needed to allow women to retain jobs in industries that have traditionally offered them employment, rather than lose those jobs to men? Two subsectors where LAC women are already being edged out because of new technology are food processing and chemicals; better documentation of the effect of biotechnology and other innovations on the structure of employment in these subsectors would allow program design to mitigate the negative effects (UN 1989:187).

> Recommendation: Background assessments of labor requirements and the employment effects associated with the introduction of new productivity-enhancing technology -- including skills profiles of the type of worker needed -- "should take into account the local characteristics of the production structure and skill availability" (Tokman 1989:169) by gender, and class, ethnicity, and age if possible. This will help determine how well-suited local firms and workers are for the new technologies, and vice versa. These types of studies may be most appropriately carried out by research institutions already receiving A.I.D. support, i.e., via institutional development components of misson-level projects. In some cases, A.I.D. may consider supporting skills upgrading and short-term training, particularly when a changing industry or process historically has been dominated by a single-sex work force that may have few alternative sources of employment. Program and funding support for training efforts may be found in offices other than T&I in some USAIDs, depending on the nature of a mission's T&I program. Increased collaboration among T&I, training, and democratic initiatives efforts may allow the mission to identify existing programs that can be used to achieve T&I-related skills upgrading and training goals.

- **Effects of an Open Trade Regime on Employment.** How the move to freer markets will affect gender distributions in employment and the labor force in LAC is unclear. For example, the existence, intensity, and duration of a feminization of the work force in export-oriented production is not well-documented in LAC. Yet it has significant implications (e.g., labor costs, social costs) for both employees and employers, as well as for human resource development programs.

> Recommendation: To analyze the implications of the move to freer markets for the gender composition of the work force -- including any evidence of feminization (or masculinization) of the work force in specific sectors or subsectors -- background research studies might be supported to compare economies under open versus restricted trade regimes. Such studies should focus on, e.g., the size and nature of the formal/informal sector, industrial concentration, and size distribution of firms, in order to estimate changes in the demand for labor in a country making significant efforts to open its economy. Economic analysis of household-level income and employment information will allow development planners to measure the impact of changes in the trade regime at the micro level, and to tailor human resource and social programs accordingly. These efforts may be best suited to research related to the policy dialogue or institution-building components of a T&I program, which may include support for socio-economic or economic research institutions focusing on the private sector and trade liberalization.

- **Privatization Schemes.** Public sector employment in developing countries often offers women relatively more opportunities than the private sector for advancement, better wages,

and less discrimination in benefits and other job parameters. In order to understand how privatization will affect women's and men's employment opportunities in the short- and long-term, "a systematic consideration of the gender composition and segregation of employment, and the relative conditions of pay and work in public versus private enterprises is essential" (Çağatay and Berik 1990:120). Similarly, gender-sensitive research "on the effect that a less dynamic role for the public sector could have on the overall employment situation, its impact on unemployment and on the demand for skills" will provide valuable information to planners looking for ways to smooth the transition from a public to a private sector orientation (Tokman 1989:170).

> Recommendation: Government decisions as to whether or how to privatize are unlikely to be influenced by research showing that women or men are disproportionately affected by the process. Nevertheless, the people-level effects of privatization are critical for understanding the environment in which the process will take place, the extent and nature of displacement in the labor market, and the expected level of public support (or lack thereof). The two research questions posed above -- comparing private and public employment conditions and predicting the likely effects of privatization in a given labor market -- may not find a place in a mission-level T&I program. This type of research is probably more suitable at the bureau level, where the findings can then be transformed into mission-level recommendations that can be applied to a T&I program or to broader policy dialogue, ESF or PL480 programs.

*Discrimination in the Labor Market*

- ** **Interactions of Sectoral and Occupational Segregation, Unemployment and Gender.** An important question raised in the wake of structural adjustment and recession in LAC in the 1980s is: how does sectoral and occupational segregation interact with cutbacks in employment? In times of economic stress or stagnation, do women face higher rates of unemployment than men because of their concentration in certain sectors and occupations? And to what extent does segregation limit women's ability to adjust to recession? How do class, age, race, and ethnicity interact with gender to determine an individual's response to recession or to a changing labor market in the wake of new trade, investment, and industrial policies?

> Recommendation: Understanding the mechanisms by which women and men are segregated into different sectors and occupations will help A.I.D. identify strategies -- e.g., training, job placement assistance, and information/educational campaigns -- to assist women to penetrate those occupations and industries from which they appear to be excluded (Hollister 1992). Cross-country study of differences in the distribution of females and males by industry at the 3-4 digit level (see endnote 8) and analysis of what gives rise to those differences would be useful in this regard.
>
> A breakdown of occupational groups at the two-digit level might shed some light on the interaction of gender with other socioeconomic variables -- notably class. For example, in Table 9, Annex A, a greater share of the female versus male labor force falls into the professional/technician group in four of the countries listed. Further analysis could reveal whether this distribution primarily reflects women's concentration in such professions as teaching and nursing, or whether it is a function

of a class structure in which women in the upper classes disproportionately pursue specialized education in, e.g., law, engineering, research, and the arts relative to men, and thus have unexpectedly high levels of representation in this group.

One approach to the kinds of studies outlined above would be to analyze time-series data for trends in labor force participation rates and characteristics, drawing in part on the 1990 censuses that are now available in many LAC countries.

- **Recruitment Patterns.** An examination of recruitment patterns by formal sector firms in LAC, as has been done in other developing regions, would help identify sources of gender-based segregation and provide some answers about how to overcome it.

  Recommendation: While this type of research is perhaps more "academic," the results can be translated into A.I.D. operational terms, with specific programmatic recommendations identifying whether and where it might be appropriate for A.I.D. missions to address this issue in their technical assistance or institutional development efforts.

- ** **Wage Discrimination.** Wage discrimination slows economic growth by depressing employee productivity, interfering with the allocation of labor across firms and sectors, and discouraging private investment in education and training. Theoretically, steady macroeconomic growth combined with declining population growth rates over time should decrease the prevalence of discriminatory labor practices as labor markets get tighter. Experience in developed countries, however, provides little support for this relationship. Rather, it appears that major regulatory and attitudinal changes are required before discriminatory practices are even minimally reduced. The current lack of data on women's and men's marginal productivity in like jobs makes it difficult to determine the extent of wage discrimination in the LAC region based on direct measures of productivity, but the available information suggests that it is a serious problem.

  Recommendation: Realistically, mission-level T&I programs do not appear to be a likely place for research on wage discrimination; this is probably better suited to the bureau level. Yet, mission T&I programs may be able to provide -- from project-level social soundness analyses, sector assessments, evaluations, and in some cases, monitoring and evaluation systems -- case-study data about discrimination in certain industries. Such information would make an important contribution to any larger research efforts, and its collection and dissemination should be encouraged.

  More specifically, an initial step toward improving the welfare of women and others who face discrimination in the labor market would be research into two factors and how A.I.D. programs could address them. First, how can fair wage practices be promoted through A.I.D.-supported T&I programs? Second, what role should the comparable worth tenet play in A.I.D's LAC programs? Here, one approach might be to use time-series regression analysis for male and female workers with as many variables as are available (e.g., education, hours worked, experience, and so on), combined with qualitative study of the non-economic determinants of discrimination (see endnote 9).

To better assess the parameters of the problem, additional background research might focus on the extent to which overt discrimination as opposed to gendered productivity differences contribute to the wage gap between LAC women and men. Existing data can be tapped to examine wage differences in female-dominated versus male-dominated industries or occupations in a country, controlling for the value of outputs or services, among other variables. For example, a standard earnings function can be estimated with detailed individual characteristics -- the most common method of measuring skill and productivity levels.

*Labor Movements*

- ** Unions and labor movements have important potentials for safeguarding workers' rights vis-à-vis increasingly competitive international markets. Yet unions in the LAC region have been characterized as non-responsive to women workers' concerns. Moreover, unions generally are unavailable to the large numbers of women and men who work in the informal sector.

  Recommendation: In A.I.D. operational terms, support for unions, labor movements and related activities more commonly originates in democratic initiatives programs than in T&I programs. However, this is an area where collaboration between the two may further the overall goal of "good" development.

  Here, A.I.D. could address two specific research questions either at the mission or bureau level. First, the extent and nature of women's participation in unions in the region (or country) and of unions' effectiveness in representing women members' concerns should be investigated. Second, there are large numbers of workers, primarily in small businesses, who currently have no access to unions. These workers often seek a means of organizing around work issues; yet they have been offered little assistance. Similarly, the frequent bar on union activity in EPZs leaves those workers without effective representation; but alternative forms of organization might provide an answer. Applied research could build on successes and failures in unions elsewhere -- such as those of independent and temporary workers in Chile -- to suggest creative ways in which unions might adapt to the informal sector.

*Formal-Informal Sector Linkages*

- The effect of T&I promotion on formal-informal sector manufacturing linkages has implications for the gender distribution of benefits from T&I initiatives and thus also for development impacts. At present, data are particularly scant on the extent of outwork in LAC and on whether outwork is increasing or decreasing in response to T&I promotion and increased free trade.

  Recommendation: Information on the incentives for both employers and employees to participate in subcontracting and outwork arrangements is critical to determining how regulatory changes linked to T&I initiatives will affect outworking trends. An analysis of the social and economic benefits and costs of industrial subcontracting, for example, would help policymakers decide whether subcontracting should be encouraged or discouraged.

*Occupational Health and Safety*

- ** Gender-disaggregated information about toxic risks, occupational disease and injury, and the enforcement of workplace health and safety regulations is a necessary input to decisions regarding regulatory reform and protection of the increasing numbers of employees in donor-encouraged export-oriented enterprises. At present, we have very little information about the incidence of pesticide-related illnesses and other occupational hazards among LAC workers by gender. Particularly in new industries, without this information it will be impossible to gauge how much or how little protection is needed and who is at greatest risk, and to advise policy makers accordingly. Certainly, this kind of information will not and probably should not influence decisions about which sectors A.I.D. targets for export assistance. Nevertheless, A.I.D. can assist in documenting these problems. Where indicated, existing channels of assistance could be identified to encourage or introduce educational programs for workers and employers about workplace health and safety.

  Recommendation: In light of the disturbing preliminary evidence, project-level social-soundness analyses, background assessments, and evaluations, where applicable, should document gender differences in the incidence of pesticide-related illnesses and other occupational diseases and injuries in the relevant A.I.D.-supported sectors of T&I, such as export-oriented agroprocessing. When possible, data collection should extend to the informal sector and should include potential health hazards related to outwork (such as the unregulated use of toxic chemicals in electronics assembly piece-work in the home).

*Protective Legislation*

- ** A better understanding of the gender-specific effects of protective legislation on both T&I and employment would help A.I.D. missions encourage a productive mix of investment incentives, flexible labor markets, and worker safety and rights. At a minimum, enhanced understanding of this issue should reduce the adverse effects of T&I and regulatory reform activities on workers in related sectors. Strategies to address the issue of protective legislation may entail collaboration among different offices at the mission level, including those dealing with policy or legislative reforms; with local business or worker associations that may be involved in lobbying (T&I); and with unions/labor movements (democratic inititiatives).

  Recommendation: Whether at the mission or bureau level, answers to a number of research questions would greatly increase our understanding of the linkages among protective legislation, T&I, and sound, fair development. For example, an assessment of the regulatory environment might ask the following questions. How large a share of employers are affected by which regulations? To what extent are which existing health and safety regulations enforced, possibly with gender-based differences? What exemptions from labor (including health and safety) regulations are in place for export-oriented firms or firms operating in free trade zones, and to what effect? To what extent do foreign and domestic investors consider the costs of labor regulation in deciding where to locate new facilities. And to what extent is the introduction or enforcement of legislation correlated with increasing proportions of women employed in smaller enterprises or as outworkers, such that employers avoid complying with many regulations?

In general, analysis of both the financial and social costs of key labor regulations can suggest to policymakers which regulations should be retained, removed, or modified in the interest of promoting a smoothly functioning labor market while maintaining socially beneficial or culturally important protective measures.

Additionally, T&I and DI programs that support business or worker associations, unions or labor movements might provide A.I.D. an opportunity to engage in dialogue about these issues, and influence the direction of lobbying or labor contract negotiations.

*Measurement Tools*

- **Export Performance and Female Intensity in the Manufacturing Sector.** One way of measuring the impact of an outward oriented trade policy on women is to evaluate the relationship between female intensity of the workforce (women's share relative to men) and export performance in the manufacturing sector (**Box 3** and endnote 15). Estimates of this relationship are available for developing countries as a whole (Wood 1991). Similar analysis specific to LAC could give insight into the degree to which women might be expected to contribute to and benefit from an export orientation. An extension of this analysis would yield comparisons between women and men.

  Recommendation: Again, this line of investigation is fairly academic, but it is included here as an example of the type of broader background research that is occasionally carried out at the bureau level.

- **Informal Sector.** There remains a tremendous need to develop valid, proximate measures of informal-sector employment and other labor market characteristics that can capture differences and similarities between women and men working in the sector. These measures are particularly important for assessing change and program impacts in urban areas in LAC, where the informal sector plays such a vital role in the economy.

  Recommendation: Such research is most appropriate at the bureau or agency level, which has relatively more program options under which to fund it. Yet it has applications at the mission level, where, for example, better informal-sector measures could improve the accuracy and scope of monitoring and evaluation systems.

# ENDNOTES

1. The other desk reviews in this LAC WID Research initiative include "Gender and Agriculture & Natural Resource Management: An Overview of the Literature for Latin America and the Caribbean," and "Gender and Democratization: An Overview of the Literature for Latin America and the Caribbean." Additionally, field-work in each of the three sectors was conducted: a quantitative analysis of household employment data in Ecuador for the industrial sector; a survey investigating gender and democratic processes at the municipal level in Honduras; and a review of methodological concerns regarding the inclusion of gender in the initial stages of an A.I.D. participatory environment and natural resources project in St. Lucia and Dominica.

2. For a recent LAC-specific study, see Psacharopoulos and Tzannatos 1992.

3. Consult the main bibliography for a fairly complete listing of such items, e.g., Joekes 1986, Joekes and Moayedi 1987, Kelly 1986, Nash and Safa 1985, Rodriguez 1989, Tinker 1990.

4. Some economists, however, feel that free trade on a global basis is inherently destabilizing to all those involved and instead are promoting "managed trade" involving some degree of protectionism, fixed market shares, and reduced growth rates for export industries but higher net receipts. See among others Hager 1984, and Singer, et al. 1990 (Part B).

5. **For case studies** on structural adjustment and gender in LAC countries, see Bolles 1985 on Jamaica; CEPLAES 1990 on Ecuador; Davies and Anderson 1987 on Jamaica; Deere, et al., 1990 on the Caribbean; del Carmen Feijoo and Jelin 1989 on Argentina; García and Gomáriz 1989 on Central America; García and Oliveira 1991 and Oliveira and García 1990 on Mexico; Harris and Boyd 1988 on Jamaica; Moser 1989 on Ecuador; and Perez-Aleman 1991 on Nicaragua. **For LAC or global coverage**, see Agarwal, et al. 1989; Berger 1990; Bonilla 1990b; Boyle 1988; Buvinić 1990; Collier 1989, 1990; Cornia, et al. 1987; Elson 1988, 1989; Hood et al. 1988; INSTRAW 1985; Joekes 1991; Joekes, et al. 1988; MayaTech 1991; Mehra 1990; Rocha, et al. 1987; UNICEF 1987; UN 1988, 1991; and Vickers 1991. **Additional references on SA** (* indicates these are found in the supplemental bibliography): Addison and Demery 1985, 1987; Behrman and Deolakikar 1989; Berry 1991; Boyd 1987; Chapelier and Tabutabai 1989*; Colclough and Herbold 1988*; van der Hoeven 1987; OECD 1983*; Santiago 1991; Scobie 1989; Syrquin 1986*; and Williamson 1990*.

6. In the LAC region, the gender gap in education is much lower than in other developing regions. 1985 statistics for the LAC region indicate only a 2 percentage point gap between illiteracy rates for the total population and those for women (19% of women are illiterate compared to 17% of the total population). Comparable figures for other developing regions show an 11-13 point lag for women. Similarly, by 1988, girls and boys had achieved near parity in primary school attendance for the LAC region, with 98 girls attending for every 100 boys. The average for low and middle income countries in 1988 was 83/100. One disturbing trend, however, has been the increase over time in the gender gap for the percent of cohort persisting to grade 4 in the LAC region. In 1970, the gap was only 5 points (in favor of girls): 64% of girls continued to grade 4 but only 59% of boys. By 1984, the gap increased to 11 percentage points: 75% of girls continued to grade 4 and 86% of boys (World Bank 1991: 204, 267).

7. See, e.g., Bonilla (1990b:216 ff.) for a summary of the literature on LAC; Folbre (1991) for a discussion of measurement problems and current global trends; Buvinić (1990) for an analysis of 22 surveys of women-headed households; Altimir (1984) on Chile, Colombia, Panamá, and Venezuela; Bonilla and Vélez (1987) on Colombia; and Moser (1989) on Ecuador.

8. The 1968 version of the International Standard Industrial Classification (ISIC) codes allows for aggregate analysis of economic activities. The nine major divisions are frequently grouped into 3 sectors: agriculture, industry and service. The industrial sector, for example, includes 4 of the 9 divisions: mining/quarrying, including oil production; manufacturing; electricity, gas, and water; and construction. These 9 major divisions are assigned a 1-digit code. Within the manufacturing division (ISIC code 3), there are numerous subsectors, whereby manufacturing activities are categorized into groups and subgroups to facilitate analysis of those activities. For example, at the 2 digit level, manufacturing includes food, beverages, and tobacco (31), textiles, clothing and leather goods (32), wood/wood products (33), printing/publishing (34), chemicals (35), and so on. Each of these two-digit groups is broken down further to 3 and 4 digits, with a greater level of specificity at each level. A similar system is universally applied to occupations as well, using the International Standard Classification of Occupations (ISCO) codes.

9. In Ecuador, for example, the government's household employment survey collects data for each member of the household over the age of 5, and records their sex. However, the responsible government agency does not normally tabulate or report the data by sex. The GENESYS project, through the LAC WID Research initiative, worked with the Centro de Planificación y Estudios Sociales (CEPLAES) in Ecuador to obtain the tabulations and analyze the data for the period 1987-1991 (see Mauro and Orriola 1992). Among the outputs are the gender composition of the industrial subsectors at the two-digit level, and an analysis of differences in social security membership rates, methods of job search, hours of work, wages, migratory status, and demographic variables, among other variables. One of the recommendations for further research that emerged from the report was that qualitative research on the causes of wage discrimination is needed to supplement initial findings from the empirical analysis.

10. Gender-disaggregated survey results for the rural province of Cochabamba in Bolivia are currently being analyzed, with assistance from the GENESYS project. This survey will be duplicated nationwide in Bolivia within the next two years.

11. Problems in accounting for women's labor force participation rates include variations in the definition of economic activity, flawed questionnaires in household surveys, unpaid and uncounted household and agricultural labor, and seasonal or temporary employment. Subsequently, statistics showing female participation levels underestimate the substantial contributions that women make to the economy and their households. A 1983 experimental population census in Costa Rica showed the limits of the census in recording women's economic participation. When seasonal and temporary employment and work performed outside the reference period were taken into account, "the participation rate of rural women jumped from 22.5 percent to 45.3 percent of the rural work force" (Buvinić 1990:2). Despite the limitations in the statistics, women represent an important part of the labor force and their recorded participation rates during the 1980s increased every year in the region, with rare exceptions (Haiti). For more information on accounting for female economic activity, see Dixon-Mueller and Anker 1988; Bonilla 1990b:218; and UN 1991.81-100, 1990a:63-72, 1990b, 1989:313-358;.

12. In comparison with the ILO-based figures, data from household surveys place the participation rates for women in Central America at 30% in 1988, and 70% for men (García and Gomáriz 1989a), compared to 25% and 84% respectively (UN 1991).

13. The term *maquila* refers to production sharing programs or "in-bond" manufacturing schemes. These are distinct from export processing or free trade zones (EPZs), an alternative method of export promotion. Incentives to export through *maquila* schemes are provided on a factory-by-factory basis, instead of being defined by a geographical "zone" (Robbins 1991). *Maquilas* are subject to special treatment, which may include: "import taxes on raw materials and intermediate goods are either temporarily suspended under bond or other forms of guarantee" and "raw materials and intermediate inputs are temporarily free of duty, under a bond or guarantee. When the final goods are exported, the bond is cleared or canceled" (Robbins 1991:5). Further, *maquila* firms may have more latitude in moving between domestic and international markets than do firms operating in EPZs, which tend to face significant restrictions in selling to domestic markets (ibid).

14. *Sectoral Emphasis of Investment and the Distribution of Benefits.* The decision about which sectors to target for increased investment and for export promotion activities in most cases is based on economic factors, as it should be. Gender becomes an issue for consideration after the decision is made, as the sectoral emphasis has implications for the distribution of benefits across gender, and presumably, race, class, ethnicity and age in a given country.

Women in the LAC region may dominate the work force in certain industries (manufacturing subsectors, some agribusiness) and men in others (fuel, minerals, and metals), as a result of various forms of discrimination and cultural factors. Additionally, women's presence in some sectors may be significant but not well-documented -- they may be hired as temporary or part-time labor, or are active only in certain parts of the production process, such as seasonal post-harvest work in agribusiness or "outwork" in the informal sector, and as such their employment may go unrecorded. While their levels of participation, the subsectors in which they are employed, and the empirical evidence available, vary across and within countries in the region, women currently are a major part of the export oriented labor force in many places. The literature is not clear on exactly how men and women's share has changed over time, although new evidence from the 1990 census data in the LAC region will provide some answers in the next few years. Similarly, exactly how new trends of investment and export promotion will affect men and women in the work force over the next ten years is not clear. For example, those countries experiencing a surge in exports of manufactures, as a result of increased foreign investment or reduced barriers to trade, may very well experience changes in the gender composition of the labor force.

What is clear is that an increase in manufactured exports is more likely to provide employment opportunities for women than an increase in primary products. **Table 1 in Annex A** shows changes by subregion in the importance of manufactures,

which accounted for approximately 1/3 of all manufactured exports in 1989. Although restrictive U.S. trade policy limits the possibility of the textiles and clothing subsector to reach its full capacity, **Table 8 in Annex A** shows the share of textiles and clothing as a percentage of merchandise exports for those countries where it constituted over 10% of the total. This subsector has traditionally maintained high proportions of women in its labor force.

15. *Feminization of the Labor Force -- Long and Short Term Trends.* The effects of industrialization, and export promotion in particular, on women and men's employment opportunities appear to change substantially over time. Studies have long pointed to a feminization of the labor force when export promotion policies are introduced and firms start competing in the international market. Çağatay and Berik explain the linkages between gender composition of the labor force and macroeconomic policies as follows.

> First, shifts in industrialization strategy imply changes in the incentive structures in an economy, which by their effects on relative profitability and costs across sectors might affect gender composition of employment. For example, giving incentives to export-oriented industries might spur the relative growth of such industries and bring about a rise in aggregate female share of manufacturing employment, to the extent that women are already concentrated in these industries. Secondly, shifts in industrialization strategy might be induced by a balance of payments crisis and a structural adjustment program. In this case, the incomes policies that accompany a structural adjustment program might again have implications ... by inducing more women to enter paid employment. Thirdly, macroeconomic policy changes could also include changes in social policy that roll back protective legislation for women as part of the reduction in labor standards in the economy. This could make it more advantageous for employers to hire women, given their lower wages" (1990:119).

Women's majority share of the work force in EPZs was the subject of numerous studies during the 1980s. Recent research, however, is uncovering what may be a reversal in the long-run of the trend toward feminization. A study by Silvers and Valencia (1990) of maquila workers in Sonora, Mexico confirmed a trend toward masculinization of the work force, in support of recent findings reported by the Mexican government. In a sample of 400 employees from 32 factories, women constituted 43% of the manufacturing workers, compared with 64% in 1975 and 56% in 1985. Silvers and Valencia suggest that "changes in maquila industry composition and technology are said to be less dependent upon women" and the number of administrative positions held by Mexicans (as opposed to foreigners) may be increasing, with these jobs going to men (1990:23). This suggests that long-run employment effects of export-led growth may be more evenly balanced between men and women than previously supposed, at least in terms of the numbers employed.

Evidence from Turkey, comparing female intensity of the manufacturing labor force under an import-substitution strategy and an export led strategy, also refutes, to some extent, the feminization theory: "successful export-orientation of the economy has been achieved without a relative growth of women's employment in large-scale manufacturing enterprises" (Çağatay and Berik 1990:129; the authors note that this conclusion must be qualified by the lack of data on outwork and other informal activities, which, if available, might show a shift toward female labor). The authors suggest that "gender-typing of industries is resistant to changes in cost structure and other incentives, especially when the cost advantage of women over male workers is narrowed by repressive labor policies" (1990:119). Whether these results will be duplicated in the LAC region over time is unknown, but gathering baseline data and doing preliminary work to identify short term trends and determining characteristics can help measure change and allow governments and firms to better prepare for the future.

16. See MayaTech 1991.

17. *Measuring Occupational Segregation.* Several economic indices have been developed to measure occupational segregation by sex, identifying who benefits from growth via increased employment and how those benefits are distributed. While such measures are useful in analyses of formal-sector employment, they may be "somewhat superfluous" when applied to the informal sector, where differences in occupational skills, statuses, and incomes are less pronounced (Massiah 1988:219).

18. However, when this kind of analysis was applied to the nineteenth century French spinning and weaving industry, researchers found that productivity differences, rather than statistical discrimination, determined the wage gap between women and men. While women's wages were only 60% of men's in the industry, their marginal productivity also was only 56% of men's and their production function was 65% of men's (HIID 1990).

19. The term "home work" or "outwork" as used by the ILO (1989:4) "combines the following criteria: (1) an implicit, explicit, verbal or written employment agreement between the homeworker and the employer, subcontractor, agent or middleman; (2) the work is performed outside the premises of the employer, either in the employee's home, a neighborhood workstation, workshops or premises which do not belong to the employer; (3) the form of payment is usually by the piece or unit of production; and (4) materials and tools are either owned by the homeworker or provided by the employer on loan or a hire-purchase basis."

20. **For more information on outwork**, see Benería and Roldán 1987; Benton 1989; Boris and Daniels 1987; de los Angeles Crummett 1988; Freeman 1991; Roldán 1985; and Singh and Viitanen 1987. **For more information on the informal sector**, see Berger and Buvinić 1989; Bromley 1978; Castells and Portes 1989; Connolly 1985; Feldman 1988, 1991; Heyzer 1981; Hill 1983; Hoyman 1987; Mazumbar 1976; Mingione 1983; Painter 1989; PADF 1986; Portes, et al. 1986, 1989; Scott 1979; Sethuraman 1981; de Soto 1989; Souza and Tokman 1976; Tokman 1988, 1989 (in supplemental bibliography); UN 1990a; Velez Valarezo 1989.

21. Small scale firms employing less than 10 persons have long been recognized as "a significant and frequently dominant component of the industrial sector," providing well over 50% of all industrial employment in developing countries (Liedholm and Mead 1987:14).

22. *Excerpted from ILO 1989:11-13.* Argentina, Peru and Uruguay "have adopted legislation specifically to regulate the terms and conditions under which home work can be given out," while the 14 other LAC countries "devote a section of their labor codes to home work." "Protective legislation applies to homeworkers in Brazil when an employment relationship is duly established." Minimum wage legislation applies to homeworkers in 13 LAC countries: Argentina, Brazil, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, San Marino and Uruguay. Limitations on deductions that employers are entitled to make from wages for defective work and spoilt materials are legislated in 9 LAC countries: Bolivia, Costa Rica, Ecuador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay and Peru. Eight countries mandate that wages for homeworkers must be equal to wages paid to employees working in the firm/enterprise: Costa Rica, El Salvador, Guatemala, Haiti, Honduras, Mexico, Paraguay and Venezuela. Contracts "setting out the terms and conditions of employment usually have to be in writing (Costa Rica, El Salvador, Guatemala, Mexico and Panama) although Bolivia and Colombia honor a verbal contract. Costa Rica, Ecuador, Mexico and Venezuela "explicitly exclude homeworkers from general legislation regarding the hours of work," e.g., weekly totals and Sunday rest. In Guatemala, "ten homeworkers working for the same employer have the right to request the employer to organize premises where they can perform their work together. The employer is then obliged to do so, and the homeworkers thereupon become factory workers." Both the Dominican Republic and Mexico "prohibit the use of a middleman or intermediary."

23. In Peru, the dilemma of how to provide benefits without decreasing the demand for women's labor is solved by sharing the cost of benefits among workers, employers and the state. Employers there, as opposed to other developing countries, do not cite maternity benefits as a disincentive for hiring women (HIID 1990).

## GLOSSARY OF TERMS[1]

**absolute (cost) advantage** If Country A can produce more of a commodity with the same amount of real resources than Country B (i.e., at a lower absolute unit cost), Country A is said to have absolute cost advantage over Country B. See also comparative advantage.

**capital** See human and physical capital.

**capital-intensive technique** A more capital-using process of production; that is, one using a higher proportion of capital relative to other factors of production, such as labor or land per unit output.

**cash crops** Crops produced entirely for the market (e.g., coffee, tea, cocoa, cotton, rubber, pyrethrum, jute, wheat).

**casual employment** Employment on an ad hoc basis without regular hours or a wage contract; constitutes employment in the informal sector.

**commercial policy** Policy encompassing instruments of "trade protection" employed by countries to foster industrial promotion, export diversification, employment creation, and other desired development-oriented strategies. They include tariffs, physical quotas, and subsidies.

**comparative advantage** A country has a comparative advantage over another if in producing a commodity it can do so at a relatively lower opportunity cost in terms of the foregone alternative commodities that could be produced. Taking two countries, A and B, each producing two commodities, X and Y, Country A is also said to have comparative advantage in the production of X if its absolute advantage margin is greater or its absolute disadvantage is less in X than in Y.

**cost-benefit analysis** A basic tool of economic analysis in which the actual and potential costs (both private and social) of various economic decisions are weighed against actual and potential private and social benefits. Those decisions or projects yielding the highest benefit/cost ratio are usually thought to be most desirable.

**development** The process of improving the quality of all human lives. Three equally important aspects of development are: (1) raising people's living levels, i.e., their incomes and consumption levels of food, medical services, education, etc., through "relevant" economic growth processes; (2) creating conditions conducive to growth of people's self-esteem through the establishment of social, political, and economic systems and institutions which promote human dignity and respect; and (3) increasing people's freedom to choose by enlarging the range of their choice variables, e.g., increasing varieties of consumer goods and services.

**ECLAC (Economic Commission for Latin America and the Caribbean)** A regional branch of the United Nations system located in Santiago, Chile, and devoted to the regular publication of technical and statistical analyses of economic trends in Latin America and the Caribbean as a whole and in individual Latin American and Caribbean nations.

**economic growth** The steady process by which the productive capacity of the economy is increased over time to bring about rising levels of national income.

**economic infrastructure** The underlying amount of capital accumulation embodied in roads, railways, waterways, airways, and other forms of transportation and communication plus water supplies, financial institutions, electricity, and public services such as health and education. The level of infrastructural development in a country is a crucial factor determining the pace and diversity of economic development.

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[1] Excerpted, with additions by the GENESYS authors, from Michael P. Todaro, *Economic Development in the Third World*, 4th edition (New York: Longman, 1990).



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**economic policy** Statement of objectives and the methods of achieving these objectives (policy instruments) by government, political party, business concern, etc. Some examples of government economic objectives are maintaining full employment, achieving a high rate of economic growth, reducing income and regional development inequalities, maintaining price stability. Policy instruments includ fiscal policy, monetary and financial policy, and legislative controls (e.g., price and wage control, rent control).

**efficiency, economic** Producing the maximum-valued output possible, using cost-minimizing techniques of production and considering effective market demand.

**efficiency, technical** Producing the maximum output possible, given quantities of inputs and existing technology, without regard to effective market demand.

**export processing zones (EPZs)** See *maquila*. EPZs are one way of promoting exports, whereby firms locate in specific geographic locations, e.g., industrial parks, for the primary purpose of producing export goods and are frequently given special treatment by the government.

**export incentives** Public subsidies, tax rebates, and other kinds of financial and nonfinancial measures designed to promote a greater level of economic activity in export industries.

**export promotion** Purposeful governmental efforts to expand the volume of a country's exports through export incentives and other means in order to generate more foreign exchange and improve the current account of its balance of payments.

**exports** (of goods and nonfactor services) Represent the value of all goods and nonfactor services sold to the rest of the world; they include merchandise, freight, insurance, travel, and other nonfactor services. The value of factor services (such as investment receipts and workers' remittances from abroad) is excluded from this measure.

**factors of production** Resources or inputs required to produce a good or service. Basic categories of factors of production are land, labor and capital.

**free trade** Trade in which goods can be imported and exported without any barriers in the form of tariffs, physical quotas, or any other kind of restriction.

**human capital** Productive investments embodied in human persons. These include skills, abilities, ideals, health, etc., that result from expenditures on education, on-the-job training programs, and medical care. See also physical capital.

**ILO (International Labor Organization)** One of the United National functional organizations based in Geneva whose central task is to look into problems of world manpower supply, its training, utilization, domestic and international distribution, etc. Its aim in this endeavor is to increase "world output" through maximum utilization of available human resources and thus improve levels of living for people.

**import substitution** A deliberate effort to replace major consumer imports by promoting the emergence and expansion of domestic industries such as textiles, shoes, household appliances. Requires the imposition of protective tariffs and physical quotas to get the new industry started.

**industrialization** The process of building up a country's capacity to "process" raw materials and to manufacture goods for consumption or further production.

**inflation** A period of above-normal general price increases s reflected, for example, in the consumer and wholesale price indexes. More generally, the phenomenon of rising prices.

**informal sector** That part of the urban economy of developing countries characterized by small competitive individual or family firms, petty retail trade and services, labor-intensive methods of doing things, free entry and market-determined factor and product prices. It often provides a major source of urban employment and economic activity.

**investment** That part of national income or expenditure devoted to the production of capital goods over a given period of time. "Gross" investment refers to the total expenditure on new capital goods, while "net" investment refers to the additional capital goods produced in excess of those that wear out and need to be replaced.

**inward-looking development policies** Policies that stress economic self-reliance on the part of developing countries, including the development of indigenous "appropriate" technology, the imposition of substantial protective tariffs, and nontariff trade barriers in order to promote import substitution, and the general discouragement of private foreign investment.

**labor force** Describes economically active persons, including the armed forces and the unemployed, but excluding housewives, students and economically native groups.

**labor-intensive technique** Method of production that uses proportionately more labor relative to other factors of production.

**labor productivity** The level of output per unit of labor input, usually measured as output per man-hour or man-year.

**macroeconomics** That branch of economics which considers the relationships among broad economic aggregates such as national income, total volumes of saving, investment, consumption expenditure, employment, money supply, etc. It is also concerned with determinants of the magnitudes of these aggregates and their rates of change through time.

**maquila** The term *maquila* refers to production sharing programs or "in-bond" manufacturing schemes. These are distinct from export processing or free trade zones (EPZs), an alternative method of export promotion. Incentives to export through *maquila* schemes are provided on a factory-by-factory basis, instead of being defined by a geographical "zone" (Robbins 1991). *Maquilas* are subject to special treatment, which may include: "import taxes on raw materials and intermediate goods are either temporarily suspended under bond or other forms of guarantee" and "raw materials and intermediate inputs are temporarily free of duty, under a bond or guarantee. When the final goods are exported, the bond is cleared or canceled" (Robbins 1991:5). Further, *maquila* firms may have more latitude in moving between domestic and international markets than do firms operating in EPZs, which tend to face significant restrictions in selling to domestic markets (ibid).

**microeconomics** That branch of economics concerned with individual decision units -- firms and households -- and the way in which their decisions interact to determine relative prices of goods and factors of production and how much of these will be bought and sold. The market is the central concept in microeconomics.

**multinational corporation (MNC)** An international or transnational corporation with headquarters in one country but branch offices in a wide range of both developed and developing countries. Examples include General Motors, Coca-Cola, Firestone, Philips, Renault, British Petroleum, Exxon, ITT.

**noneconomic variables** Elements of interest to economists in their work but which are not given a monetary value or expressed in numerals because of their intangible nature. Examples of these include beliefs, values, attitudes, norms, and power structure. Sometimes noneconomic variables are more important than the quantifiable economic variables in promoting development.

**"nontariff" trade barrier** Barriers to free trade that take forms other than tariffs, such as quotas, sanitary requirements for imported meats and dairy products.

**occupational segregation** The reservation of jobs primarily for one group to the exclusion of others, based on sex or race, for example. It is one common form of labor market discrimination.

**open economy** An economy that encourages foreign trade and has extensive financial and nonfinancial contracts with the rest of the world, e.g., in areas such as eduction, culture, technology. See also outward-looking development policies.

**opportunity cost** In production, the real value of resources used in the most desirable alternative, e.g., the opportunity cost of producing an extra unit of manufactured goods is the output of, say, food that must be forgone as a result of transferring resources from agricultural to manufacturing activities; in consumption, the amount of one commodity that must be forgone in order to consume more of another.

**outward-looking development policies** Policies that encourage free trade, the free movement of capital, workers, enterprises, and students, a welcome to multinational companies, and an open system of communications. See also open economy.

**outwork** The term "home work" or "outwork" as used by the ILO (1989:4) "combines the following criteria: (1) an implicit, explicit, verbal or written employment agreement between the homeworker and the employer, subcontractor, agent or middleman; (2) the work is performed outside the premises of the employer, either in the employee's home, a neighborhood workstation, workshops or premises which do not belong to the employer; (3) the form of payment is usually by the piece or unit of production; and (4) materials and tools are either owned by the homeworker or provided by the employer on loan or a hire-purchase basis."

**physical capital** Tangible investment goods (e.g., plant and equipment, machinery, building). See also human capital.

**Prebisch-Singer hypothesis** Argument that primary product export orientation of developing countries results in secular decline in their terms of trade.

**primary industrial sector** That part of the economy which specializes in the production of agricultural products and the extraction of raw materials. Major industries in this sector include mining, agriculture, forestry, and fishing.

**private benefits** Gains that accrue to a single individual -- e.g., profits received by an individual firm. See also social benefits.

**private costs** The direct monetary outlays or costs of an individual economic unit; e.g., the private costs of a firm are the direct outlays on fixed and variable inputs of production.

**private foreign investment** The investment of private foreign funds in the economy of a developing nation, usually in the form of import substituting industries by multinational corporations.

**private sector** That part of an economy whose activities are under the control and direction of nongovernmental economic units such as households or firms. Each economic unit owns its own resources and uses them mainly to maximize its own well-being.

**privatization** Preponderance of private ownership of means of production. Selling public assets (corporations) to private business interests. See state-owned enterprises.

**production technique** Method of combining inputs to produce required output. A production technique is said to be appropriate ("best") if it produces a given output with the least cost (thus being economically efficient) or with the least possible quantity of real resources (technically efficient). A technique may be labor intensive or capital intensive.

**public sector** That portion of an economy whose activities (economic or noneconomic) are under the control and direction of the state. The state owns all resources in this sector and uses them to achieve whatever goals it may have -- e.g., to promote the economic welfare of the ruling elite or to maximize the well-being of society as a whole. See also private sector.

**recession** A period of slack general economic activity as reflected in rising unemployment and excess productive capacity in a broad spectrum of industries.

**research and development (R&D)** A scientific investigation with a view toward improving the existing quality of human life, products, profits, factors of production, or just plain knowledge. There are two categories of R&D: (a) basic R&D (without a specific commercial objective) and (b) applied R&D (with a commercial objective).

**resources, physical and human** Factors of production used to produce goods and services to satisfy wants. Land and capital are frequently referred to as physical resources and labor as the human resource.

**secondary industrial sector** The manufacturing portion of the economy that uses raw materials and intermediate products to produce final goods or other intermediate products. Industries such as motor assembly, textiles, and building and construction are part of this sector.

**sectoral segregation** The reservation of jobs in an economic (sub)sector primarily for one group to the exclusion of others, based on sex or race, for example. An example is the practice of hiring disproportionate numbers of women over men in the textile industry or services, or disproportionate numbers of men over women in engineering, construction and finance.

**self-esteem** (of a society) Feeling of "human worthiness" that a society enjoys when its social, political and economic systems and institutions promote human respect, dignity, integrity, self-determination, etc. See development.

**services** Comprises economic activity other than industry and primary goods production.

**"skewed" distribution of income** Skewness is a lack of symmetry in a "frequency distribution." If income is perfectly distributed such a distribution is said to be symmetrical. A skewed distribution of income is one diverging from perfect equality. Highly skewed distribution of income occurs in situations where the rich persons, say the top 20% of the total population, receive more than half of the total national income.

**small-scale industry** An industry whose firms or farms operate with small-sized plants, low employment, and hence small output capacity. Economies of scale do not normally exist for such firms or farms but they often tend to utilize their limited physical, human and financial capital more efficiently than many large-size firms or farms.

**social benefits** Gains or benefits that accrue or are available to the society as a whole rather than solely to a private individual -- e.g., the protection and security provided by the police or the armed forces, the external economies afforded by an effective health delivery system, and the widespread benefits of a literate population. See private benefits.

**social cost** The cost to society as a whole of an economic decision, whether private or public. Where there exist external diseconomies of production (e.g., pollution) or consumption (alcoholism), social costs will normally exceed private costs and decisions based solely on private calculation will lead to misallocation of resources.

**stabilization policies** A coordinated set of mostly restrictive fiscal and monetary policies aimed at reducing inflation, cutting budget deficits, and improving the balance of payments.

**state-owned enterprises** Public corporations and para-state agencies (e.g., agricultural marketing boards) owned and operated by the government.

**structural adjustment loans** Loans by the World Bank designed to foster structural adjustment in the developing countries by supporting measures to remove excessive governmental controls, getting factor and product prices to better reflect scarcity values and promoting market competition.

**subsidy** A payment by the government to producers or distributors in an industry to prevent the decline of that industry (e.g., as a result of continuous unprofitable operations) or an increase in the prices of the its products, or simply to encourage it to hire more labor (as in the case of a wage subsidy). Examples of subsides are export subsidies to encourage the sale of exports, subsidies on some foodstuffs to keep down the cost of living especially in urban areas,

farm subsidies to encourage expansion of farm production and achieve self-reliance in food production.

**tariff (ad valorem)** A fixed percentage tax (e.g., 30%) on the value of an imported commodity levied at the point of entry into the importing country.

**technical assistance** Foreign aid (either bilateral or multilateral) that takes the form of the transfer of expert personnel, technicians, scientists, educators, economic advisors, consultants, etc., rather than a simple transfer of funds.

**trade (as an engine of growth)** Free trade has often been described as an "engine of growth" because it encourages countries to specialize in activities in which they have comparative advantages thereby increasing their respective production efficiencies and hence their total outputs of goods and services.

**underemployment** A situation in which persons are working less, either daily, weekly, monthly, or seasonally, than they would like to work.

**unit cost** The average total cost per unit of output of any economic good or service.

**vicious circle** A self-reinforcing situation in which there are factors that tend to perpetuate a certain undesirable phenomenon -- e.g., low incomes in poor countries lead to low consumption which then leads to poor health and low labor productivity and eventually to the persistence of poverty.

**wage discrimination** Economic (market) discrimination reflected in the structure of wages, such that there are earnings differentials between workers who are homogenous except in terms of race, sex, ethnicity, etc. These differentials "imply that the market has accorded a value to personal characteristics that are unrelated to productivity" (Rima 1981:200).



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## ANNEX A: *Data Tables*

**Table 1:** Structure of Merchandise Exports (1965, 1989)

| | Primary Commodities | | Manufactures | |
|---|---|---|---|---|
| | 1965 | 1989 | 1965 | 1989 |
| LAC Region | 93% | 67% | 7% | 33% |
| South America/Mexico | 94 | 78 | 6 | 22 |
| Central America | 90 | 83 | 10 | 17 |
| Caribbean | 84 | 39 | 16 | 61 |

*Note: averaged across countries within each region*
*Source: World Bank 1991:234.*

**Table 2:** Labor Force Participation (LFP) Rates by Gender (1990)

| | Women | Men |
|---|---|---|
| S. America/Mexico | 27% | 80% |
| Central America | 25 | 84 |
| Caribbean | 47 | 77 |

*Note: Unweighted averages across countries*
*Source: UN 1991*

**Table 3:** Women's LFP Rates by Age Group (early-mid 1980s)

| | < 20 years | 20-59 years | 60 + years |
|---|---|---|---|
| S. America/Mexico | 11% | 33% | 10% |
| Central America | 12 | 24 | 7 |
| Caribbean | 6 | 48 | 10 |

*Note: ILO data, unweighted averages across countries*
*Source: Psacharopoulos and Tzannatos 1992:3*

**Table 4:** Labor Force Share by Gender (1990)

| | Women | Men |
|---|---|---|
| S. America/Mexico | 26% | 74% |
| Central America | 23 | 77 |
| Caribbean | 37 | 63 |

*Note: Unweighted averages across countries*
*Source: UN 1991.*

**Table 5:** Unemployment Rates & Shares by Gender (mid-1980s)

| Select Countries | Unemployment Rates | | | Share of Unemployed | | |
|---|---|---|---|---|---|---|
| | Women | Men | Total | Women | Men | Total |
| **S. America/Mexico** | **9%** | **8%** | **8%** | -- | -- | -- |
| Argentina | -- | -- | -- | 45% | 55% | 100% |
| Bolivia | -- | -- | -- | 15 | 85 | 100 |
| Brazil | 5.9 | 6.6 | 6.4 | 38 | 62 | 100 |
| Colombia | -- | -- | -- | 57 | 43 | 100 |
| Chile | 9.7 | 8.4 | 8.8 | 35 | 65 | 100 |
| Peru | -- | -- | -- | 53 | 47 | 100 |
| Uruguay | 12.6 | 6.7 | 9.1 | 56 | 44 | 100 |
| Venezuela | 7.2 | 9.9 | 9.1 | 22 | 78 | 100 |
| **Central America** | **10%** | **6%** | **7%** | -- | -- | -- |
| Costa Rica | 7.9 | 4.7 | 5.6 | 39 | 61 | 100 |
| El Salvador | 24.4 | 12.4 | 17 | -- | -- | -- |
| Guatemala | 5.7 | 2.8 | 3.5 | 36 | 64 | 100 |
| Honduras | 8.6 | 7.1 | 7.6 | 17 | 83 | 100 |
| Nicaragua | 2.9 | 1.7 | 2.2 | -- | -- | -- |
| **Caribbean** | **26%** | **16%** | **16%** | -- | -- | -- |
| Bahamas | 15 | 9.7 | 12.2 | 58 | 42 | 100 |
| Barbados | 23.1 | 13.3 | 17.9 | 61 | 39 | 100 |
| D.R. (rural) | 29 | 21 | -- | -- | -- | -- |
| Guiana | -- | -- | -- | 48 | 52 | 100 |
| Jamaica | 33.8 | 14.9 | 23.6 | 66 | 34 | 100 |
| Martinique | -- | -- | -- | 63 | 37 | 100 |
| Neth. Antilles | 31.3 | 15.9 | 22.2 | 58 | 42 | 100 |
| St.Pierre/Mique. | -- | -- | -- | 42 | 58 | 100 |
| Suriname | -- | -- | -- | 46 | 54 | 100 |
| Trinidad/Tobago | 25.3 | 20.7 | 22.3 | 38 | 62 | 100 |

*Sources: Deere et al. 1990:20, 52-55; García and Gomáriz 1989a:445-46; Henry 1988: 191, 193; Rodgers 1989:52; Schmittroth 1991:398-99.*



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**Table 6:** Sectoral Distribution of the Labor Force (1980)

| | South America/Mexico | | | Central America | | | Caribbean | | |
|---|---|---|---|---|---|---|---|---|---|
| | Women | Men | total | Women | Men | total | Women | Men | total |
| Agriculture | 11% | 35% | 30% | 7% | 54% | 45% | 20% | 39% | 33% |
| Industry | 19 | 27 | 25 | 19 | 18 | 18 | 13 | 26 | 20 |
| Services | 69 | 38 | 46 | 74 | 27 | 37 | 67 | 35 | 47 |
| Total | 99 | 100 | 101 | 100 | 99 | 100 | 100 | 100 | 100 |

*Note: Totals differ from 100 due to rounding error; unweighted averages across countries*
*Source: Bonilla 1990b:224-25*

**Table 7:** Sectoral Distribution of the Labor Force in Central America (1985-87)

| | Women | Men |
|---|---|---|
| Agriculture | 11% | 49% |
| Industry | 21 | 21 |
| Services | 68 | 30 |
| Total | 100 | 100 |

*Note: From surveys covering Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua*
*Source: García and Gomáriz 1989a:442*

**Table 8:** Textiles and Clothing as a Share of Merchandise Exports (1965, 1989)

| | 1965 | 1989 |
|---|---|---|
| South America/Mexico | | |
| Uruguay | 2% | 14% |
| Central America | | |
| Costa Rica | 2 | 18 |
| El Salvador | 6 | 11 |
| Guatemala | 4 | 11 |
| Caribbean | | |
| Dominican Republic | 0 | 35 |
| Haiti | 3 | 43 |
| Jamaica | 4 | 13 |

*Note: Only those countries where textiles and clothing constituted over 10% of merchandise exports in 1989*
*Source: World Bank 1991:234.*

**Table 9:** Occupational Distribution of the Labor Force (mid-1980s) (percent)

| | Barbados | | Chile | | Vene-zuela | | Costa Rica | | Guate-mala | | Nicar-agua | | El Salvador | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | F | M | F | M | F | M | F | M | F | M | F | M | F | M |
| Prof./Tech./Related | 11.2 | 8.7 | 13.1 | 4.6 | 21.6 | 6.6 | 14.8 | 6.5 | 7.6 | -- | 10.2 | -- | 7.5 | -- |
| Admin./Managerial | 2.7 | 5.2 | 1.9 | 3.7 | 2.0 | 5.0 | 2.7 | 3.6 | 1.9 | -- | 0.1 | -- | 0.1 | -- |
| Clerical/Related | 25.2 | 11.5 | 16.5 | 9.5 | 20.8 | 5.3 | ** | ** | ** | -- | 10.3 | -- | 7.0 | -- |
| Sales | 11.2 | 7.3 | 16.3 | 11.4 | 14.2 | 13.5 | 26.0 | 15.3 | 31.0 | -- | 21.5 | -- | 32.5 | -- |
| Services | 27.2 | 15.8 | 30.2 | 5.0 | 28.3 | 8.8 | 31.2 | 7.3 | 25.0 | -- | 27.8 | -- | 20.7 | -- |
| Agricultural/Related | 6.5 | 7.1 | 2.9 | 21.8 | 1.7 | 21.4 | 4.7 | 35.8 | 14.5 | -- | 10.8 | -- | 12.1 | -- |
| Production/Related | 16 | 44.4 | 19.0 | 42.4 | 11.2 | 38.2 | 20.6 | 31.5 | 20.0 | -- | 19.3 | -- | 19.6 | -- |
| Other | -- | -- | 0.1 | 1.6 | 0.1 | 0.6 | -- | -- | -- | -- | -- | -- | -- | -- |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | -- | 100 | -- | 100 | -- |

*Note: ** Costa Rica and Guatemala grouped clerical and sales workers together*
*Sources: García and Gomáriz 1989a, U.N. 1989*

**Table 10**: Share of the Labor Force Employed in the Informal Sector (mid-1980s)

| | % of all Men | % of all Women | Total |
|---|---|---|---|
| Chile (1980) | 22% | 40% | 28% |
| Costa Rica (1983) | -- | 23 | -- |
| El Salvador (San Salvador, 1986) | 20 | 33 | -- |
| Nicaragua (1985) | 49 | 57 | -- |
| Panama (1983) | 31 | 29 | -- |
| Brazil (urban 1983) | -- | -- | 35 |
| Bolivia (La Paz 1983) | -- | 48 | -- |
| Peru (Lima 1987) | -- | 45 | -- |

*Sources: Bonilla 1990b, Gálvez and Todaro 1990, García and Gomáriz 1989, Jatobá 1989*

## ANNEX B: *Selected Statistics on Women and Men in LAC*

## Table 1a: Select Development Indicators -- SOUTH AMERICA AND MEXICO

| | Females per 100 Males | | | | |
|---|---|---|---|---|---|
| | Life Expectancy | Labor Force | Parliament | Education | |
| | | | | Primary | Secondary |
| Country | 1990 | 1988 | 1988 | 1988 | |
| Argentina | 110.0 | 27 | 5 | .. | 172 |
| Bolivia | 108.9 | 49 | 3 | 87 | .. |
| Brazil | 108.6 | 39 | 6 | .. | .. |
| Chile | 110.3 | 29 | .. | 96 | 106 |
| Colombia | 108.8 | 52 | .. | 100 | 99 |
| Ecuador | 106.6 | 26 | 1 | 96 | 91 |
| Guayana | 109.2 | 27 | .. | .. | .. |
| Mexico | 110.0 | 30 | 12 | 94 | 89 |
| Paraguay | 106.6 | 62 | 2 | 93 | 99 |
| Peru | 106.3 | 49 | 6 | .. | .. |
| Uruguay | 109.4 | 45 | 0 | 95 | .. |
| Venezuela | 109.2 | 27 | 4 | 96 | 119 |

*Source: World Bank 1991 and UNDP 1991*

## Table 1b: Select Development Indicators -- CENTRAL AMERICA

| | Females per 100 Males | | | | |
|---|---|---|---|---|---|
| | Life Expectancy | Labor Force | Parliament | Education | |
| | | | | Primary | Secondary |
| Country | 1990 | 1988 | 1988 | 1988 | |
| Belize | .. | 49 | .. | .. | .. |
| Costa Rica | 106.4 | 27 | 14 | 94 | 103 |
| El Salvador | 111.0 | 33 | 3 | 102 | 92 |
| Guatemala | 107.9 | 19 | 8 | 82 | .. |
| Honduras | 106.7 | 22 | 5 | 100 | .. |
| Nicaragua | 104.4 | 27 | 16 | 107 | 168 |
| Panama | 105.8 | 37 | 6 | 92 | 105 |

*Source: World Bank 1991 and UNDP 1991*

## Table 1c: Select Development Indicators -- THE CARIBBEAN

| | Females per 100 Males | | | | |
|---|---|---|---|---|---|
| | Life Expectancy | Labor Force | Parliament | Education | |
| | | | | Primary | Secondary |
| Country | 1990 | 1988 | 1988 | 1988 | |
| Barbados | 106.9 | 89 | .. | .. | .. |
| Dominican Republic | 106.6 | 17 | 5 | 162 | .. |
| Haiti | 106.2 | 51 | .. | .. | .. |
| Jamaica | 106.2 | 45 | 13 | 97 | .. |
| Trinidad and Tobago | 107.3 | 38 | 20 | .. | .. |

*Source: World Bank 1991 and UNDP 1991*



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**Table 2a: Labor Force Participation (LFP) Rates (%) -- SOUTH AMERICA AND MEXICO**

| | ILO Projections* | | | Survey/Census Results or Official Estimates** | | |
|---|---|---|---|---|---|---|
| Country | Year | Men | Women | Year | Men | Women |
| Argentina | 1990 | 75 | 28 | 1989 | 55.4 | 21.0 |
| Bolivia | 1990 | 83 | 27 | 1990 | 48.1 | 14.6 |
| Brazil | 1990 | 81 | 30 | 1988 | 57.1 | 29.7 |
| Chile | 1990 | 75 | 29 | 1990 | 51.6 | 22.3 |
| Colombia | 1990 | 79 | 22 | 1990 | 53.9 | 33.2 |
| Ecuador | 1990 | 82 | 19 | 1990 | 47.2 | 20.5 |
| Guayana | 1990 | 84 | 28 | 1990 | 50.4 | 33.8 |
| Mexico | 1990 | 82 | 30 | 1988 | 51.2 | 22.8 |
| Paraguay | 1990 | 88 | 23 | 1990 | 56.0 | 35.1 |
| Peru | 1990 | 79 | 25 | 1989 | 51.2 | 33.1 |
| Uruguay | 1990 | 75 | 32 | 1985*** | 67.6 | 28.2 |
| Venezuela | 1990 | 81 | 31 | 1988 | 50.0 | 19.8 |

*Source: UN 1991*, ILO 1991**, and UNECLAC 1991****

**Table 2b: Labor Force Participation (LFP) Rates (%) -- CENTRAL AMERICA**

| | ILO Projections* | | | Survey/Census Results or Official Estimates** | | |
|---|---|---|---|---|---|---|
| Country | Year | Men | Women | Year | Men | Women |
| Costa Rica | 1990 | 84 | 24 | 1990 | 54.6 | 21.6 |
| El Salvador | 1990 | 86 | 29 | 1990 | 50.7 | 34.7 |
| Guatemala | 1990 | 84 | 16 | 1989 | 50.8 | 16.7 |
| Honduras | 1990 | 86 | 21 | 1985*** | 74.5 | 15.6 |
| Nicaragua | 1990 | 83 | 28 | 1990 | 47.1 | 22.4 |
| Panama | 1990 | 79 | 30 | 1985*** | 67.1 | 25.4 |

*Source: UN 1991*, ILO 1991**, and UNECLAC 1991****



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**Table 2c: Labor Force Participation (LFP) Rates (%) -- THE CARIBBEAN**

| | ILO Projections* | | | Survey/Census Results or Official Estimates** | | |
|---|---|---|---|---|---|---|
| Country | Year | Men | Women | Year | Men | Women |
| Barbados | 1990 | 78 | 61 | 1985*** | 68.4 | 55.4 |
| Cuba | 1990 | 74 | 36 | 1988 | 55.4 | 31.7 |
| Dominican Rep. | 1990 | 85 | 15 | 1985*** | 70.7 | 11.3 |
| Guadeloupe | 1990 | 73 | 53 | -- | -- | -- |
| Haiti | 1990 | 83 | 56 | 1990 | 50.3 | 32.3 |
| Jamaica | 1990 | 83 | 68 | 1988 | 44.1 | 31.0 |
| Martinique | 1990 | 73 | 52 | -- | -- | -- |
| Neth. Antilles | 1990 | 67 | 44 | -- | -- | -- |
| Trinidad/Tobago | 1990 | 81 | 34 | 1989 | 48.9 | 27.3 |

*Source: UN 1991*, ILO 1991**, and UNECLAC 1991****

## Table 3a: Sectoral Distribution of the Labor Force (%) -- SOUTH AMERICA AND MEXICO

| Country | Year | Total | | | Men (% of male LF) | | | Women (% of female LF) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. |
| Argentina | 1970 | 16.0 | 34.3 | 49.7 | 19.9 | 37.7 | 42.4 | 4.3 | 24.0 | 71.7 |
| | 1980 | 13.1 | 33.8 | 53.2 | 16.7 | 39.6 | 43.8 | 3.1 | 18.3 | 78.7 |
| Bolivia | 1970 | 52.1 | 20.0 | 27.9 | 59.0 | 19.5 | 21.5 | 26.8 | 21.9 | 51.3 |
| | 1980 | 46.5 | 19.7 | 33.9 | 52.0 | 20.6 | 27.5 | 27.5 | 16.5 | 56.1 |
| Brazil | 1970 | 44.9 | 21.8 | 33.3 | 51.8 | 22.5 | 25.7 | 20.1 | 19.2 | 60.7 |
| | 1980 | 31.2 | 26.6 | 42.3 | 37.0 | 29.4 | 33.6 | 15.3 | 19.0 | 65.7 |
| Chile | 1970 | 23.2 | 28.7 | 48.2 | 29.2 | 30.2 | 40.7 | 2.5 | 23.4 | 74.2 |
| | 1980 | 16.5 | 25.2 | 58.4 | 21.8 | 28.4 | 49.9 | 2.3 | 16.4 | 81.3 |
| Colombia | 1970 | 39.3 | 23.3 | 37.4 | 48.0 | 23.7 | 28.3 | 7.0 | 21.9 | 71.1 |
| | 1980 | 34.3 | 23.5 | 42.3 | 42.7 | 24.2 | 33.1 | 5.0 | 21.0 | 74.0 |
| Ecuador | 1970 | 50.6 | 20.5 | 28.9 | 57.6 | 19.6 | 22.8 | 14.6 | 25.0 | 60.5 |
| | 1980 | 38.6 | 19.9 | 41.6 | 44.7 | 20.3 | 35.0 | 12.8 | 18.0 | 69.2 |
| Guayana | 1970 | 31.9 | 28.5 | 39.6 | 35.9 | 32.1 | 32.1 | 16.9 | 15.0 | 50.2 |
| | 1980 | 26.8 | 25.8 | 47.4 | 31.6 | 28.9 | 39.5 | 11.8 | 16.3 | 72.0 |
| Mexico | 1970 | 44.1 | 24.3 | 31.6 | 48.0 | 25.0 | 27.0 | 26.1 | 20.9 | 53.0 |
| | 1980 | 36.6 | 29.0 | 34.5 | 42.9 | 29.4 | 27.7 | 19.3 | 27.9 | 52.8 |
| Paraguay | 1970 | 52.6 | 20.2 | 27.2 | 63.0 | 17.0 | 20.1 | 14.2 | 32.3 | 53.6 |
| | 1980 | 48.6 | 20.6 | 30.9 | 58.0 | 19.5 | 22.5 | 12.5 | 24.5 | 63.1 |
| Peru | 1970 | 47.1 | 17.6 | 35.4 | 53.3 | 17.6 | 29.1 | 22.8 | 17.4 | 59.9 |
| | 1980 | 40.1 | 18.3 | 41.7 | 45.1 | 19.8 | 35.2 | 24.4 | 13.5 | 62.2 |
| Suriname | 1970 | 24.8 | 20.9 | 54.4 | 25.0 | 25.0 | 50.0 | 24.0 | 8.7 | 67.3 |
| | 1980 | 19.9 | 19.8 | 60.3 | 20.0 | 24.0 | 56.0 | 19.7 | 9.0 | 71.3 |
| Uruguay | 1970 | 18.6 | 29.1 | 52.3 | 24.0 | 30.7 | 45.4 | 3.5 | 24.7 | 71.9 |
| | 1980 | 15.8 | 29.2 | 55.1 | 21.2 | 31.7 | 47.2 | 2.9 | 23.1 | 74.1 |
| Venezuela | 1970 | 26.0 | 24.8 | 49.3 | 31.7 | 26.8 | 41.5 | 4.0 | 17.3 | 78.8 |
| | 1980 | 16.1 | 28.4 | 55.6 | 20.7 | 31.9 | 47.5 | 2.6 | 18.4 | 79.1 |

*Source: Bonilla 1996b*

## Table 3b: Sectoral Distribution of the Labor Force -- CENTRAL AMERICA

| Country | Year | Total | | | Men (% of male LF) | | | Women (% of female LF) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. |
| Costa Rica | 1970 | 42.6 | 20.0 | 37.5 | 51.0 | 20.5 | 28.6 | 4.4 | 17.8 | 77.9 |
| | 1980 | 30.8 | 23.2 | 46.1 | 38.0 | 24.0 | 38.0 | 4.0 | 20.0 | 76.0 |
| El Salvador | 1970 | 56.0 | 14.4 | 29.6 | 69.0 | 13.4 | 17.6 | 5.2 | 18.4 | 76.5 |
| | 1980 | 43.2 | 19.4 | 37.5 | 55.8 | 19.8 | 24.4 | 5.0 | 18.2 | 76.8 |
| Guatemala | 1970 | 61.3 | 17.1 | 21.7 | 69.0 | 16.2 | 14.8 | 10.4 | 22.5 | 67.1 |
| | 1980 | 56.9 | 17.1 | 26.1 | 64.5 | 16.0 | 19.0 | 9.4 | 20.0 | 70.6 |
| Honduras | 1970 | 64.9 | 14.1 | 21.0 | 74.6 | 12.1 | 13.4 | 6.7 | 26.3 | 67.0 |
| | 1980 | 60.5 | 16.2 | 23.4 | 70.4 | 13.6 | 16.1 | 7.3 | 30.2 | 62.5 |
| Nicaragua | 1970 | 51.6 | 15.5 | 33.0 | 62.2 | 15.3 | 22.6 | 8.3 | 16.3 | 75.5 |
| | 1980 | 46.6 | 15.8 | 37.7 | 57.2 | 16.0 | 26.8 | 8.0 | 15.0 | 77.0 |
| Panama | 1970 | 41.6 | 17.6 | 40.9 | 52.6 | 18.9 | 28.6 | 9.2 | 13.5 | 77.4 |
| | 1980 | 31.8 | 18.2 | 50.2 | 40.2 | 20.9 | 39.0 | 8.0 | 10.5 | 81.6 |

*Source: Bonilla 1990b*

## Table 3c: Sectoral Distribution of the Labor Force -- THE CARIBBEAN

| Country | Year | Total | | | Men | | | Women | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. | Agr. | Ind. | Ser. |
| Barbados | 1970 | 18.2 | 26.1 | 55.8 | 19.6 | 33.2 | 47.2 | 16.0 | 15.4 | 68.6 |
| | 1980 | 9.9 | 20.9 | 69.3 | 10.2 | 23.5 | 66.3 | 9.5 | 18.0 | 72.5 |
| Dominican Rep. | 1970 | 54.8 | 14.2 | 31.1 | 60.2 | 14.5 | 25.4 | 10.5 | 11.9 | 77.7 |
| | 1980 | 45.7 | 15.5 | 38.9 | 51.1 | 16.6 | 32.4 | 7.8 | 7.6 | 84.6 |
| Haiti | 1970 | 74.4 | 7.1 | 18.5 | 84.3 | 6.8 | 9.0 | 63.0 | 7.6 | 29.5 |
| | 1980 | 70.0 | 8.3 | 21.8 | 79.0 | 8.4 | 12.6 | 58.5 | 8.1 | 33.4 |
| Jamaica | 1970 | 33.2 | 18.1 | 48.8 | 44.0 | 24.0 | 32.0 | 18.6 | 10.0 | 71.5 |
| | 1980 | 31.3 | 16.4 | 52.3 | 42.4 | 22.9 | 34.7 | 18.2 | 8.8 | 73.0 |
| Trinidad/Tobag. | 1970 | 18.6 | 35.2 | 46.2 | 19.4 | 42.1 | 38.5 | 16.7 | 18.8 | 64.6 |
| | 1980 | 10.2 | 38.6 | 51.3 | 11.9 | 45.3 | 42.8 | 5.9 | 21.9 | 72.3 |

*Source: Bonilla 1990b*

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