

TRADE LIBERALIZATION, GENDER AND WOMEN: EXPLORING THE LINKAGES FROM A CENTRAL AMERICAN PERSPECTIVE

Åsa Stenman¹

Introduction

Since the early 1990's two important processes have transformed the societies and economies of the Central American countries: the peace and democratisation process based on the Esquipulas II accord from 1987 and the structural adjustment process, which began in the early 1990's, focused on macroeconomic balance, decreasing the role of the state in the economy and opening up the national economies to the global market. Some of the most striking results have been increased unemployment, new employment opportunities, especially for women, in the growing maquila² sector and a rapid increase of migration, primarily to the United States. Economic growth, in both El Salvador and Nicaragua has been modest and highly dependent on maquila exports and migrant remittances.³ The earlier trade liberalization is now accentuated by the implementation of CAFTA⁴ since 2006. This development has affected a majority of both men and women but in different ways due to the gendered structures of the society and the economy.⁵

This paper has the character of a review essay and will focus on the analysis of trade liberalization, gender relations and the cases of El Salvador and Nicaragua on a general level, exploring which forms the process of trade liberalization, and economic integration, have taken in the region and how this process could be interrelated to gender relations and the living conditions of women from low-income households.⁶

¹ Institute of Iberoamerican Studies, School of Global Studies, Göteborg University.

² Maquila or maquiladora industry is the term used in Latin America for assembly plants producing for the international market, in El Salvador and Nicaragua, predominantly garment factories.

³ This development has been analyzed in for example Renzi 2004, CEPAL 2004, PNUD 2005.

⁴ CAFTA(-DR) – Central American Free Trade Area, includes the United States, the Dominican Republic, Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica.

⁵ For a discussion on gender, economy and trade see for example Randriamaro 2006, Rai 2002, Tickner 2001, Cook et al 2000.

⁶ This paper is part of a larger PhD research project focused on how the transnational processes of maquila employment and migration/remittances, in El Salvador and Nicaragua, are interrelated to gender relations and the opportunities of women (maquila or maquiladora

The central questions for this paper are: a) which forms has the process of trade liberalization and economic integration taken in the region and what have been the experience of women in relation to these processes, b) what observations can be made concerning the interrelations between these specific forms of economic globalization, gender relations and women. The analysis will be of an exploratory character and based on secondary sources; studies produced in recent years on these issues in Central America.

Some theoretical considerations

David Ricardo and John Stuart Mill developed the traditional theory of international trade, focused on comparative advantages, in the 19th century. This was complemented by the factor endowment theory elaborated in the 20th century by the Swedish economists Eli Hecksher and Bertil Olin. This theory explains the impact of economic growth on trade patterns and the impact of trade on the structure of national economies and on the differential returns or payments to various factors of production. Many authors, among them Michael Todaro (1997), have analyzed the basic arguments in favour of trade as an accumulator of growth, wealth and development, and criticized traditional free trade theory from a third world perspective. The conclusions are several. The first, and basic conclusion is that trade might be important in order to increase economic growth. However, it is emphasized that rapid growth might have very limited effects on development, thus, trade is not necessarily an adequate or sufficient strategy for economic and social development. The author goes on by referring to empirical evidence that shows that the principal gains from trade have disproportionately benefited rich nations and within poor nations, foreign residents and wealthy nationals. Todaro cautiously points out that this should not be seen as an indictment of the nature of trade, but as a reflection of the inequality pattern of the global system. Thus, trade is not neutral but highly dependent on existing power structures and patterns of unequal distribution of wealth and incomes: *"the conclusion of traditional trade theory that free trade will tend to equalize incomes is no more than a theoretical construct"* (Todaro 1997:448). At the global level, this is reinforced by the absence of a supra-national government that, as at the national level, at least in theory, would have the possibility to pursue distributional policies. This conclusion is very important both from a theoretical as well as policy perspective, because it clarifies what kind of results could be expected outcomes from different trade policies and the limitation of trade policy as a tool for socio-economic and human development.

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In relation to the debate on economic integration and trade liberalization it is important, from a theoretical as well as political perspective to make a distinction between the two main forms of economic integration; free trade areas and customs or economic unions⁷. This is also highly relevant in the Central American context, which will be obvious in the following discussion.

Marchand and Sisson Runyan (2000) argue that gender or feminist theory can contribute to a more complex understanding of global economic restructuring since they apply feminist accounts that emphasize human agency over structure through their bottom-up perspective, as well as relational thinking feminist approaches, which reveal power structures in society that enable and affect the process of global restructuring. The authors also make a statement that I think is very important because it highlights the essence of their contribution as well as the dialectics and dynamics of their analysis:

In short, interdisciplinary ontologies and methodologies informed by relational feminist perspectives and epistemologies move us from looking at the gendered effects of global restructuring to examining the effects of gender on global restructuring and the effects of global restructuring on gender (Marchand and Sisson Runyan 2000:228)

They conclude that studies based on this analytical framework have shown how women's resistance to the effects of globalization challenge the separation between the economic and the political, social and cultural spaces, as well as the local and global.

The anthology *"Trade Myths and Gender Reality, Trade Liberalisation and Women's Lives"* (Hale 1999) targets policy makers and is a good attempt to operationalize gender analysis of trade policy. In this process, Hale also identifies five key areas or issues as points of departure for the analysis of how trade liberalization affects women differently from men, and thus, is not, gender neutral. These are; i) trade policies and trade liberalization could affect the ability of the government to finance social sector expenditures and a decrease in expenditures usually increases the work load of women; ii) existing gender inequalities may affect the outcome of trade policies since they often affect the women's ability to be efficient producers or eligible for new employments created by trade liberalization; iii) women and men operate in a segmented labour market with wage inequalities and segregated sectoral occupational patterns unfavourable to women, since trade expansion is often based on access to low

⁷ In a free-trade area, member nations maintain individually determined external tariffs, but internal trade is free. In a customs union, member nations have common external tariffs and free internal trade. An economic union usually implies further integration of laws and regulations related to for example economic, social and foreign policy.

wage female labour and trade unions are not usually receptive to women's rights, trade liberalization might increase the segmentation of the labour market; iv) women and men have different access to economic resources (property, credits, training etc) which affects the efficiency of women's activities and their mobility within the economy, this might adversely effect for example export promotion schemes since women cannot take advantage of them due to existing inequalities; v) linkages between trade and other public policies might increase existing gender inequalities, free trade policies and WTO rules tend to define many national social and environmental regulations as trade barriers thus pressuring the national governments to dismantle such regulations, this might affect women in a negative way. (Hale 1999:9-13)

A contextual background

Economic integration and trade liberalization

Economic integration has been an issue in Central America ever since the creation of the Central American Common Market in the 1960ies and was revitalized with the establishment of SICA (*Sistema de la Integración Centroamericana*) in 1991. In 1997 the Central American presidents expressed the intention of gradually forming a Central American Union, inspired by the European model (Sanahuja and Sotillo, 1998). Several countries have also signed bilateral free trade agreements, for example with Mexico. During 2004 and 2005 the agreements related to the formation of CAFTA (Central American Free Trade Area) has been processed and in August 2005, the US president Bush signed the bill to implement the agreement. CAFTA-DR includes the five Central American countries, the Dominican Republic and the United States. Until 2006, all countries but Costa Rica had ratified the agreement (www.ustr.gov, 2006). El Salvador was the first country to fulfil the conditions and started implementing CAFTA on March 1, 2006 (www.laprensagrafica.com, 2006). The processes of SICA and CAFTA are, at least theoretically, to some degree incompatible but are being pursued parallel as part of a strategy of open regionalism. Based on the political decisions in the region, CAFTA seems to be given priority over SICA (Sanahuja and Sotillo 1998, Bull 1999, CEPAL 2004).

The process of trade liberalization is more diffuse to define than the integration process. Here, it will be defined as policy measures implemented with the objective to open the economy to the global market. These measures have been an essential part of structural adjustment policies, or neoliberal policies (typically with a strong focus on privatization, liberalization of foreign trade, dismantling of tariffs and the establishment of so called free trade zones and *maquilas*). Free trade agreements are usually also included in the general framework of trade liberalization. In the case of El

Salvador, the era of structural adjustment is commonly defined to begin in 1989, with the election of the ARENA government led by Alfredo Cristiani. In Nicaragua, most analysts consider that structural adjustment began in 1990, with the election of Violeta Chamorro and the defeat of the Sandinista party. Even though the Sandinista government had implemented some adjustment policies starting around 1987, it is not until the Chamorro government that the adjustment policies develop in a more neoliberal character and the country gets access to credits from the World Bank and the IMF. (Walker 1998:382-392)

In an evaluation of the Central American integration process the author Caldentey del Pozo argues that the regional integration project of SICA, has more in common with the neo-structuralist development model promoted by CEPAL compared to the NAFTA project, which, is closely linked to the Washington Consensus and the neoliberal model. He also makes the observation that the process of trade liberalization, linked to the latter model, seems to have had supremacy over the regional integration process in the political decision-making in the region. (Sanahuja and Sotillo 1998:65-79) This latter analysis is shared by for example Bull (1999) who concludes that the regional integration process that stemmed from the Esquipulas process has very much been replaced, both in the official discourse and the political priorities, by a focus on the global market and a free trade agreement with the United States.

The experiences of women

Since this, by necessity, will only be a brief overview of the general characteristics of the living conditions of women in Central America, I would like to introduce the subject by three testimonies from a pioneering empirical study on the attitudes and actions of women confronting economic crisis, done by FIDEG (*Fundación Internacional para el Desafío Económico Global*) in Nicaragua during 1990 and 1991.

Las mujeres estamos ausentes, no participamos de la definición de las políticas macroeconómicas, sin embargo, nos hemos convertido en las administradoras de la crisis cotidiana y en amortiguadora de sus efectos (Renzi and Agurto 1993:13)

This testimony illustrates how women experience that they are left out in the decision-making spheres but nonetheless they are the ones that have to adjust and figure out how to cope with the consequences of the decisions taken by others.

El hombre cuando no tiene trabajo no hace nada, no sale a vender porque le da vergüenza cargar un saco. Yo me pongo un canasto sobre la cabeza, salgo a vender y no dejo morir de hambre a los chavalos (Renzi and Agurto 1993:79)

However generalized, this woman expresses frustration over the lack of initiative of the man in the households and emphasizes that women take action to secure the survival of the children.

Los niños no van a clases porque no hay dinero para la matrícula, para los útiles escolares y tampoco hay ánimo de mandarlos a la escuela. Y las que los mandamos, cuando hay entrega de boletines y no hemos pagado, nos presionan no entregándonos las notas de los chavalos. Yo debo tres meses (marzo, abril, mayo) son sólo cinco córdobas mensuales pero cuando uno tiene 3 niños significan 15 córdobas y si esto lo multiplicamos por 3 meses llega a 45 córdobas que significa quizás una semana de comida (Renzi and Agurto 1993:143)

This testimony is very interesting from several perspectives; first, of course, it illustrates how the introduction or increase in tariffs on social services, like education, affects poor households. Second, the simple numerical operation also shows how an apparently low tariff (in the eyes of analysts on the macro level) can have a significant impact on poor households with many children. Third, it also exemplifies how poor families estimate the alternative cost of sending their children to school.

The experience of women in terms of social mobilization and action is similar in the two countries. In El Salvador, women represented a large proportion of the members of the armed liberation movement FMLN during the war 1980-1992. They were also very active in, or even leading, social movements resisting the authoritarian regime during the 1970ies and 1980ies. After the peace accord in 1992, women continued to be active in the FMLN (as members, leaders, mayors and members of parliament), social movements and to an increasing degree organized themselves in autonomous women or feminist groups. In Nicaragua, the women also represented a large share of the members of the Sandinista movement and took part in the revolution and overthrow of the Somoza regime. During the period of FSLN government, 1979-1990, women participated in the government, social movements and also developed women or feminist groups. Many women organizations had to reevaluate and readjust their strategies when the FSLN lost the elections in 1990, but after the initial period of reorientation the women's movement continues to be one of the strongest social movements in Nicaragua (Luciak 2001, Shayne 2004, Kampwirth 2004).

Gender-Trade Linkages in Central America

This is a modest attempt to, based on earlier studies, start to analyse the possible linkages between gender, women and trade in El Salvador and Nicaragua. First, I will

discuss some general effects of economic integration and trade liberalization. Then, it will be possible to reflect on the effects on women and to explore possible gender specific linkages based on studies already done on these issues.

Some general effects of trade liberalization

The report *“Integración Centroamericana, Beneficios y Costos”* by CEPAL (2004) and the book *“Integración y desarrollo en Centroamérica. Más allá del libre comercio”* by Sanahuja and Sotillo (1998), both analyse the results and effects of economic integration in Central America. None of them have an elaborated gender analysis, although the report by CEPAL mentions gender aspects of unemployment and education very briefly in an appendix. One problem of that kind of analysis is the difficulty of distinguishing between the effects of economic integration and the effects of trade liberalization. Both studies make an attempt to do so, but in the end it is almost impossible to achieve such a separation and maintain a robust methodological basis. Contrary to these two former, the report *“Perfil de género de la economía del istmo centroamericano (1990-2002)”* focuses on a gender analysis of the economic development in Central America. I will come back to the results and conclusions of this report further on.

One of the essays in the anthology by Sanahuja and Sotillo discusses the Central American integration process from the perspective of social development. Here, Álvaro de la Ossa argues that poverty has increased in spite of economic growth and thus, the applied socio-economic model promotes an increasing concentration of wealth. The author pinpoints how dogmatic neoliberal policies have clashed with the Central American reality, characterized by oligopolistic economic structures, widespread inequalities in access to education, formation and imperfect mobility between sectors in the labour market. Lack of employment opportunities, increased tariffs on basic social services and real wages that are constantly lacking behind have led to decreased family incomes (Sanahuja and Sotillo 1998:109-119).

In the CEPAL (2004) report, the authors evaluate the costs and benefits of the Central American integration process, specified as SICA. The study concentrates on the five former CACM members, even though SICA now also includes Belize and Panama. The authors highlight the four dimensions of the integration process; democracy, economic growth, social development and ecological sustainability. The evaluation finally arrives at several important conclusions⁸. First, the regional cooperation was an important

⁸ If not otherwise indicated, the information in the following section is based on CEPAL (2004), p. xiii-xix

factor in contributing to the end of armed conflicts and the initiation of democratization processes in the region. Second, the current commercial policy in the region is characterized by open regionalism. One risk with the open regionalism, according to the authors, is that the intraregional process is not always compatible with the extra-regional process. Thus, the policy makers sometimes confront very complex strategic dilemmas. One such case is the intraregional objective of a common external tariff versus bilateral free trade agreements. Currently, the agreements with third parties have restricted the process to establish a common external tariff among the SICA members. In my opinion, this is a very important point. It is also similar to the comment made by Sanahuja and Sotillo (1998), as well as Bull (1999), where they criticize the observed supremacy of the extra-regional over the intraregional. Taking this into account, it is difficult to see how this so called open regionalism can sustain its content in terms of a customs union, while at the same time the individual countries are negotiating bilateral free trade agreements. However, the authors of the CEPAL study stress that they can observe an increased importance of intraregional trade. Third, the authors stress the importance to maintain high levels of economic growth, especially in the poorest countries. The countries tend to be divided into three groups that do not show any tendency to converge: Costa Rica, with the highest income per capita, followed by El Salvador and Guatemala, and finally Honduras and Nicaragua with the lowest per capita income. The increase in economic growth has been based on exports, foreign investment and migrant remittances. However, the levels of foreign investment have been relatively low and the public investments have stagnated. Here, one should suspect that more concretely put, the authors are referring to economic growth based on *maquilas* and *remesas*, which is not what is usually referred to as a stable basis for sustainable and equitable growth. The authors point out that the remittances have been crucial in order to maintain macroeconomic stability in El Salvador, Honduras and Nicaragua. The remittances represent about 5,3 percent of GDP which is higher than the total intraregional trade.⁹ Here, it would be pertinent to develop the analysis to include the gender aspect. The migration to the United States is still dominated by men, and often young men, which has a considerable effect on the demographic structure of the households in the source country. A recent study in El Salvador (Santillán and Ulfe 2006), which is the country in Central America with the relatively largest flows of migration and remittances, shows very clear indications of strongly gendered effects of the migration. For example, the authors observed possible effects on the opportunities of the women/spouses to work outside their home, an increased economic dependence on the husband in the US, an often complicated supervision of the women/spouse from the family of the husband (Ibid p. 35-40). Fourth, the level of economic growth has permitted relative poverty to decrease (in

⁹ CEPAL (2004), p. 33-34

absolute terms, poverty has increased)¹⁰, but not sufficiently to promote social development. Some of the countries have the lowest levels of social investment in Latin America. As the authors stress, this does not only imply poor living conditions but do also constitute an impediment for future economic growth.

In an essay from CEICOM (*Centro de Información sobre Inversión y Comercio en Centroamérica*) in El Salvador, the authors analyze the impact of the free trade agreement between Mexico and El Salvador. The main argument is that the trade with Mexico is very limited and that the TLC has not contributed to increase Salvadoran exports, only 1 percent of total exports is destined to Mexico. The limited increase of exports that has taken place has primarily favoured large enterprises, while medium and small companies have not succeeded in competing on the Mexican market. In 2002, the commercial balance deficit with Mexico was slightly larger than in 2000, the year before the TLC. The authors conclude that the economic targets presented by the government at the signing of the TLC are very far from being fulfilled (Villalona and Gómez 2003:4-8, 56-58).

In a study on the *maquilas* in Central America, published by the *Plataforma Sindical Común Centroamericana*¹¹ and a Salvadoran NGO, FUNDASPAD, I found some interesting observations and reflections. The study is based on analysis of written sources as well as interviews with *maquila* workers and trade unionists active in the sector. There were about 350 000 employed in the *maquila* plants in Central America in 2003. The presence of trade unions has been very limited, of a total of 1 212 plants there were only unions in 45 of them. One conclusion of the study is that the most important policy proposal to improve the working conditions is not reforms of the national labour regulations but rather that the governments apply the existing labour regulations. The authors also express their doubts about the so called codes of conduct, mainly for two reasons, first because they are not formulated nor controlled by the workers at the *maquilas*, second, because the codes of conduct have created a new market for NGO's that market themselves as independent monitoring teams of how the codes of conduct are applied. (Wolf Herrera 2003:12-27)

How has women been affected?

¹⁰ In the early 1990ies, relative poverty was about 60 percent, which has decreased to 51 percent by the year 2000. However, in absolute terms the number of poor people has increased from 17 million in 1990, to 19 million in 2001.(CEPAL, 2004, p. 31-32)

¹¹ A regional umbrella organization including among others FNT, CST and ATC in Nicaragua, the *Asociación de Empleados Públicos* in Costa Rica, UASP in Guatemala, CUTH in Honduras, and ANDES 21 de junio, ANTA, STISS in El Salvador.

There are few studies on the specific issue of gender and trade in Central America. One is the report on Nicaragua written by Isolda Espinosa González (2004) and published by UNIFEM; "*Perfil de género de la economía nicaragüense en el nuevo contexto de la apertura comercial*". This report is one of the country studies that form part of the regional UNDP/UNIFEM project whose results are presented in the report earlier mentioned; "*Perfil de género de la economía del istmo centroamericano*" (Renzi 2004). There are also several studies with a more sectoral focus, for example women in maquila employment (Bickham Mendez 2005, Armbruster Sandoval 2005, Alvarenga Jule 2001) or women and migrant remittances (Santillán and Ulfe 2006).

The former country study of Nicaragua poses three key questions, which to a large extent coincide with my own research questions; a) have the adjustment policies had a differentiated impact based on sex-gender?, b) has trade liberalization affected women in a positive or negative way?, c) what opportunities and threats does the trade liberalization imply for gender equality? (Espinosa Gónzales 2004:17) In her conclusions, the author points to the most important effects of the structural adjustment process, but most of the time she does not specifically refer to trade liberalization. Espinosa concludes that the most important achievements of the adjustment process in the 1990ies have been; a) the reduction of inflation, b) the increase in real GDP and exports, c) decreased dependence on traditional exports and d) the primary sector has increased its share of GDP, while the share of the tertiary sector has decreased, e) the female participation in the economy has increased, primarily in the *maquila* sector and in non-traditional exports. However, among the cost of this adjustment the author emphasizes that; a) the reduction of public expenditure affected the poor disproportionately hard, there has been a transfer of costs from the public sector to the household, b) the increased tariffs on basic services and increased indirect taxes combined with high unemployment and lower real wages has led to a reduction of the disposable income of the households, given the unequal intra-household distribution, the women were more affected and were forced to assume additional responsibilities, for example get another job or spend more time looking for cheap products, c) the privatization and liberalization of the financial sector increased interest rates and sharpened the requirements for credit, medium and small producers were to a large extent excluded, and women were especially disadvantaged due to their restricted access to property and technology, d) there has been a tendency for men and women's incomes to converge in the informal sector, but this depends on the decrease in male incomes rather than an increase of female incomes. In summary, the structural adjustment process has generated a modest restructuring and growth of the economy, but it has also tended to deepen inequality based on income and/or gender (Ibid p. 171-175).

Espinosa González continues to analyse the opportunities and threats specific for women in Nicaragua. In face of high unemployment and insufficient salaries the households try to diversify their incomes and/or increase the number of incomes. As part of this survival strategy, women generally assume additional burdens, both because of their gender identity and their subordinate position. Two common examples is that the establishment a small family businesses or migration.

Espinosa distinguishes several factors that restrict women's opportunities to take advantage of the new possibilities that might be created through trade liberalization or economic integration: a) women continue to be responsible for the reproductive work, even though they generate incomes to the household; b) the non-agricultural family businesses are mostly on a subsistence basis, labour intensive and occupying family labour. The fact that the business often is located in the house of the family leads to that the woman often work unpaid according to patriarchal traditions, and without leaving her reproductive work; c) employment in industrial plants often means that women have to abandon much of her reproductive duties since the plant usually are situated outside the cities and due to long working hours (about 14 hours), the low wage does not permit her to employ another person to look after the children and the house; d) CAFTA will increase competition which will probably affect small, non-industrial businesses (a sector dominated by women) in a negative way; e) given the gender segregation of the labour market, the job opportunities created by the establishment of new industries will not be able to absorb the unemployed women entrepreneurs that was forced out of business; f) women are negatively affected by the long working hours and the precarious working conditions at the *maquilas*; g) the tendency of feminization of migration is generating a process of globalization of reproductive work, since most of the women that migrate end up as domestic employees, mainly in Costa Rica (Ibid p. 179-180).

The conclusions of the Nicaraguan country study concur in general terms with the conclusions of the regional study (Renzi 2004). Due to the broader focus of the regional report, special emphasis is put on the conditions and needs of indigenous women, especially in the case of Guatemala. I would like to refer to some important reflections that are made in the conclusions of the regional study. First, the authors emphasize that the participation of women in the labour market has increased, however, not as a result of elaborate public policies which could have been expected post-Beijing. This development has instead been a result of the increased insertion of the regional economies in the global market, and the conditions have been set by the global actors rather than local governments or social movements (Ibid p. 28). As mentioned earlier the increased participation of women in the labour market has also been a consequence of the need for additional incomes to the households. The so called feminization of the labour force (which has been observed in many different countries) has only occurred

in certain sectors of the Central American economies; production and commercialization at the local level. In the other sectors of the economies the segregation by sex has not changed and in many cases even increased (Ibid p. 29). The working conditions in the new feminized sectors of the economy (primarily maquila industry) are harsh and sometimes hazardous for the women, and characterized by long working hours. In the maquila the women work around 10-12 hours per day, Monday to Sunday; in the agro export sector, it is common that they also work seven days a week, 12 hours per day. Another sector where women employment has increased is the cruising ships in the Caribbean where women approximately work seven days per week during a period of eight months. In the newly established international call centres women in general work 10 hours per day. In all of these sectors the working hours of women usually exceed those of the men (Ibid p.32-34).

Gender – trade linkages

In this section, the intention is to pick up the threads from above that could indicate something about the links between gender and trade.

First, there is a problem of definition and causal relations. Trade liberalization has in general been an integral part of the structural adjustment policies, but they are not, by definition, the same. Further, as mentioned earlier, economic integration and trade liberalization are not the same. They can even be contradicting each other, as discussed in the study by Sanahuja and Sotillo. I will focus on trade liberalization as a concept, both because it is broader and because it seems clear that, in practice, CAFTA and the trade liberalization process have gained supremacy over building a Central American economic union. The concept of open regionalism seems to be more political rhetoric than anything else.

Trade liberalization (dismantling of tariffs, deregulation of foreign trade, free trade agreements, the establishing of free trade zones etc) seems to have contributed to two major developments; economic growth and unemployment. Economic growth has been modest and unequally distributed, unable to promote social development, absolute poverty has increased. Unemployment has increased when national firms or entrepreneurs have been forced out of business and the jobs created have not been adequate or sufficient to absorb the unemployed. The rural sector, agricultural production, poor households and women have been the most negatively affected by the process. Unemployment has decreased the disposable income of the households, which has had to be compensated by less consumption, more work/another job and in many cases, migration, mainly to Costa Rica, Mexico and the United States. Considering that the CEPAL study on Central American mentions migrant remittances

and *maquila* exports as the main factors behind the modest economic growth, the picture becomes more complex.

The links between increased unemployment and the living conditions of women are several. First, women dominate the sectors most negatively affected by trade liberalization; agricultural production, small and medium firms and poor households. Given the patriarchal traditions in the household environment, women have also carried a disproportionately large share of the adjustment burden through additional work/jobs without a decrease (or rather an increase) of her reproductive work. The *maquila* offers employment that increases (or often only slightly increases) the disposable income of the households and improves the economic independence of women but at a high cost of precarious working conditions, long working hours and a complicated situation in the household in terms of child-care and housekeeping.

Conclusions

First of all, I would like to make some reflections on the objective of free trade and trade liberalization. According to economic theory there is no direct relation between free trade and social development, like there is no direct link between economic growth and social development. However, such links are assumed by the dominant political discourse. Taking this into account and considering that trade is not neutral but very much dependent on existing structural patterns (of inequality) it is doubtful that free trade agreements alone would improve the situation for poor households in Central America. In order for free trade (or for economic growth) to promote social development and less inequality specific normative goals and very concrete political measures have to be taken, and this has not been the case in Central America.

The main findings are that: a) trade liberalization in El Salvador and Nicaragua has implied dismantling of tariffs, liberalization of international trade, establishment of free trade zones and assembly plants (*maquilas*) and adjustment to WTO rules; b) several studies conclude that trade liberalization has contributed to an increased exports and a modest economic growth; c) the increase in economic growth is primarily due to migrant remittances and *maquila* exports; d) the gains from the increased economic growth has been unevenly distributed and has not promoted social development, relative poverty has decreased but absolute poverty has increased; e) local medium and small scale producers (primarily in agricultural production) have had difficulties in competing with foreign imports, many have been forced out of business causing unemployment and decreased incomes for the households; f) the new jobs created by trade liberalization (mainly in the *maquilas*) have not been able to absorb sufficient amounts of unemployed; g) taking a job at the *maquila* implies

assuming a considerable social (and economic) cost in terms of long working hours, precarious working conditions and severe problems to resolve child-care and house-keeping.

How have these developments affected the lives of men and women? In the case of the unevenly distributed gains from economic growth, it is quite clear that women will not be among the advantaged groups since they are over represented in the poverty statistics both at the individual and household level. Women are also the dominant group among small scale producers which make them especially vulnerable to the effects of foreign competition. Increased unemployment means less disposable income for the households which has been shown, beyond all doubts, lead to a greater work burden for women. The new jobs in the *maquila* give women some economic independence but at the cost of health hazards and having to resolve child-care and house-keeping in alternative ways. Thus, it seems clear that trade liberalization has affected men and women in different ways, and that women have been relatively more negatively affected.

What about mechanisms? Based on the findings listed above the most important mechanisms seem to be; i) excessive foreign competition; medium and small scale producers (dominated by women) are not able to compete with foreign large-scale produced, and often subsidized imports, ii) domestic economic policy are not designed to decrease inequality but rather reinforces the unequally distributed costs of trade liberalization, iii) unemployment caused by the opening of the economy leads to less disposable income for the household, due to existing patterns of gender inequality, women compensate by taking on greater burdens of work. Thus, three main mechanisms or channels can be identified: foreign trade policy, domestic economic policy and existing gender inequality. The first, foreign trade policy should preferably be split up in two dimensions; international and domestic. That is, one individual country (especially not a so called Third World country) cannot do much about WTO rules and the trade policy of the rich countries, but each country has a certain degree of power to make their own decision about the pace and content of a possible process of trade liberalization. That decision is, to a large extent, normative, based on political, ideological and economic considerations.

In relation to the arguments on gender and trade links presented by Hale, it seems plausible to believe that most of them are also valid in Central America. The first argument focused on how trade liberalization (for example through the loss of income due to decreased or eliminated tariffs) can force the government to cut down budget expenditures in for example the social sector or compensate by increasing for example tariffs on basic services or indirect taxes. The empirical findings have given some indications in this direction. Another argument referred to how trade liberalization, due to the focus on low wage female labour and male dominated trade unions might

increase the gender-based segmentation of the labour market. Given the available information on the *maquila* industry in Central America it seems quite safe to assume that this could be valid.

In order to be able to make more specific and in-depth conclusions on gender and trade links and causal relations it would be necessary to pursue field studies complemented with for example more detailed analysis of time series data on economic and social variables. However, I do feel that this overview has given some basis for formulating qualified hypotheses and for further research in the area.

Is it possible to draw any conclusions on proper and/or efficient policy proposals or social action? The most revolutionary and efficient would probably be to eliminate gender and income inequality within and across borders, but that is probably quite utopic... I do believe that the attempt above to clarify and clear-cut the mechanisms or channels through which trade liberalization affect women and gender relations, and thus, how gender relations affect trade liberalization, gives a hint about the variety of directions that policy proposals and social action can take. In some sense, it goes beyond the scope of this study to elaborate any real proposals for policies or social action. However, I believe that it is very important, in all situations, to keep in mind the core issues that trade is not neutral to existing inequalities, on the contrary, and that power relations, based on gender or socio-economic status, within or across national borders, must be made visible in order to understand the development process and to be able to take proper action.

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