

EILEEN SUDWORTH



Women Workers In Free Trade Zones

I WOULD like to begin by presenting a profile of the average worker in a free trade zone. She's female, young, and lives in the third world. Aged between 15 and 24, she is usually single and taking a paid job for the first time. She is also likely to come from a rural area—driven out of her village by poverty and rural stagnation and neglect. She's probably very happy to be earning a wage—any wage. She wants to help her family or help put the other children through school. She is happy at the prospect of a bit of independence that having a paid job can bring her.

She is praised by the transnational corporations that employ her for her nimble fingers, her docility, her willingness to perform monotonous tasks and for her "natural" ability to do fiddly jobs.

Her government, in its promotional literature and advertisements, boasts that she is eager to work, disciplined, educated—and above all, very cheap.

Her male supervisors and bosses treat her at best like a child—needing permission to go to the toilet or to take an aspirin, needing to be humoured when she is feeling ill or "hysterical." Away from her family, she is seen by supervisors—and sometimes male coworkers—as easy prey for their sexual advances. A bit of fun with a factory

girl.

She is among the most exploited workers in the third world—working for a pittance, often forced to do strenuous overtime, performing her tedious tasks in often hazardous conditions. She has little awareness of labour laws or her rights as a worker. She often lacks job security—employed as a casual worker or as an apprentice, subject to frequent lay offs and plant closures when business is slack. She comes from an invisible workforce to swell employment statistics for a few years—only to return to the invisible workforce in her mid or late twenties.

She is the average worker in a free trade zone or export processing zone, as they are sometimes called. She is one of the slightly less than one million workers employed in free trade zones throughout developing countries. Of these workers 70 percent are in Asia, where free trade zones are mushrooming.

For those unfamiliar with free trade zones—they are specifically designated sites for factories, generally wholly or partly foreign owned, producing manufactured goods strictly for export.

The concept of the free trade zone was born in Shannon, Ireland, in the late 1950s when the airport on Ireland's west coast, a refuelling stop for transatlantic flights and site of the world's first airport

duty free shop, was threatened by the advent of the jet airplane. An incentive was needed to save jobs and fuel regional industrialisation in a predominantly rural country. And the first free trade zone was created.

Since then the concept has spread—promoted by such institutions as the World Bank, the IMF, and the United Nations Industrial Development Organisation (UNIDO). By 1980 more than 55 countries—stretching in a chain through Latin America, the Caribbean, Africa and Asia—had established or were planning to set up free trade zones.

Of the more than 50 zones then in operation, 22 were in Asia—11 in Malaysia, three in the Philippines, three in Taiwan, two in South Korea, two in India and one in Sri Lanka.

Many others were planned. The Philippines have made plans for another 12 whilst Indonesia, Bangladesh, Pakistan and Thailand have moved into the planning or implementation stage. China has also recently embraced the free trade zone strategy with the creation of three special economic zones in Guangdong province close to Hong Kong. A slightly wider definition of free trade zones would include the whole of Hong Kong and Singapore as giant free trade zones.

Why are free trade zones important even though they employ a small

proportion of people relative to the mass of the third world's rural poor or an estimated third world labour force of some 840 million ? Because they represent a model of development increasingly urged on developing countries as an escape from their dependence on the export of primary agricultural products. Free trade zones represent the tip of the iceberg of the export oriented industrialisation strategy which has replaced import substitution as the conventional economic wisdom. Through an examination of free trade zones, it is possible to discern a pattern of industrialisation and a method of operation of transnational corporations which has serious implications for both first and third world, and particularly their women

Proponents of the free trade zone strategy claim that free trade zones will create employment; increase foreign exchange earnings and thus ease balance of payments deficits transfer technology and upgrade skills; act as a catalyst to industrialisation.

Key to the strategy are massive injections of foreign capital. In order to attract investment, free trade zones offer a standard package of incentives which include 100 percent foreign ownership of companies; few, if any, restrictions on the repatriation of profits or the transfer of investment capital out of the country; tax holidays for five, sometimes 10 years; exemption from customs and import duties.

Other attractions often include low rental for factory buildings; government provided infrastructure and communications; subsidised energy; investment subsidies and subsidised credit. And, of course, cheap labour. In the words of Sri Lanka's prime minister Mr Jayawardene : "Let the robber barons come."

There is too little time in a paper of this kind to go into detail on the wide ranging criticisms of FTZ's and export oriented industrialisation, to examine :

1. that free trade, the cornerstone of the strategy, is largely a myth urged on

developing countries by industrialised countries who themselves conspicuously fail to practise it;

2. that the "economic miracles" of countries such as South Korea, Taiwan, Hong Kong, are exactly that—miracles—and cannot be repeated by *all* developing countries, producing the same limited basket of goods, in a very different world situation;

3. that developing countries have simply swapped one kind of economic dependence for another. The rural plantations and estates have been replaced by the global factory.

But even the advocates of the strategy are beginning to question the



wisdom of the advent of the robber barons. A brief summary of the doubts. Whilst foreign exchange earnings certainly rise as a result of increased exports, the picture is not as rosy as at first glance. Offset against this are (1) an escalating import bill, (2) costs incurred by the host government in providing factories, infrastructure, subsidised energy and so on, (3) loss of potential revenue through exemption from taxes and customs duties and through the repatriation of profits, and (4) not least are the accounting mechanisms of transnational corporations such as transfer pricing.

Ultimately the cost of labour—whose major attraction is its cheapness—may be the only element of domestic value added. And this is

usually little more than 20 percent.

There is little evidence either that free trade zones act as a catalyst to industrialisation through creating "forward and backward linkages" to the domestic economy. In practice, free trade zones import virtually everything they need and—by definition—export everything they produce. In effect they remain enclaves within the domestic economy.

Creating a haven for transnational corporations may also act as a disincentive to local production—as domestic producers find themselves unable to compete with giant corporations.

There is also little evidence that skills and technology are transferred. The majority of jobs in free trade zones are assembly line production processes requiring minimal skills and little training. Technology remains jealously guarded by the TNCs and by the developed countries. A 1981 study by the Christian Institute in South Korea showed that over 80 percent of technology was a result not of foreign investment but was through the buying of licenses by domestic firms. Moreover, the little technology transferred through foreign investors is hedged around with conditions and is designed to be obsolete within a few years.

With regard to employment, a UNIDO working paper points out : "to the extent that these industries simply draw into the labour force a group of workers who were not previously economically active, it does little to reduce the employment rate of prime age males who are considered to form the bulk of the unemployed."

So what of the women workers — the guinea pigs in this highly dubious experiment ? They are working for daily wages which, according to a 1982 survey, range from 80 cents in Sri Lanka, through around \$ 3 in the Philippines and Thailand, to \$ 7 in Taiwan and \$ 10 in Korea. More important than these absolute figures, most workers do not earn enough to support a family, according to even the basic minimum

laid down by their own governments. Many workers, employed on an apprenticeship basis— and often sacked at the end of their six to 12 month apprenticeship—do not earn this much.

There is little job security—in the Bataan export processing zone in the Philippines, only about 50 per-cent of the workers have permanent jobs. Layoffs and temporary closures occur regularly — particularly in this time of world recession. A report from an electronics worker in Penang free trade zone in Malaysia of January this year :

“Lately I have heard that the factory will be closed again for two months—without pay. We were warned not to speak about this to anyone. Anybody caught doing so might be sacked. There are quite a number of factories here that are closed for a day or two in a week due to shortage of materials.”

Job insecurity is further heightened by the footloose nature of transnational corporations operating in the zones. Companies tend to shift operations from country to country in search of lower costs and higher profits. For example, the US toy company, MATTEL, began off-shore operations in Mexico. As wages rose, the company shifted operations to South Korea. Following labour disputes, the company moved to Bataan free trade zone in the Philippines. There are reports that the company is now considering shifting operations to Sri Lanka where labour is even cheaper. Another example : in 1981, 11 Japanese companies pulled out of Korea’s Masaan free trade zone, leaving not only an unemployed workforce but debts of almost \$ 100,000 in unpaid wages and redundancy pay to Korean workers.

Low wages and job insecurity are further compounded by the very considerable health hazards suffered by women workers. Constant headaches, backaches, kidney problems, chronic fatigue are common complaints among assembly line workers—particularly those who spend their days peering through microscopes.

Stringent quotas, night shifts and forced overtime add to the health toll. I spoke to workers in the Philippines last year from a textile factory in the Bataan free trade zone who had been forced to work 36 hour shifts to complete a rush order —with only a few minutes break here and there and with two hours sleep. A common enough story.

Add to this inadequate safety standards, poor ventilation and careless handling of acids and toxic chemicals,

industrial safety organisation in Hong Kong estimates that more than 40 industrial chemicals—which may cause cancer—are commonly in use in Hong Kong.

Or there is the case of Elfreda Castellano from the Philippines. She worked for two years for an electronics company, Dynetics. Elfreda’s health began to suffer after a year— a combination of the effects of chemicals



particularly in the electronics industry. Respiratory ailments, nausea, dizziness, eye irritations, burns, ulcers, vomiting are the frequent results. In Hong Kong, in January this year, 196 workers had to receive hospital treatment as a result of a gassing incident in an electrical factory. Government enquiry found ozone and phosgene present.

Phosgene, incidentally, was used as a poison gas during world war I. One of the women lost the baby she was carrying and 13 others are pregnant and fear for their unborn children. An

and stiff quotas—she had to soak between 12,000 and 22,000 integrated circuits into pots of chemicals each day. After more than a year’s illness, Elfreda died in November last year. The cause of her death “cancer of the lymph nodes with leukemic transformation.” Elfreda was 21.

And women have little legal recourse. It is no accident that a “stable climate for foreign investment” often goes hand in hand with authoritarian regimes which, to keep labour cheap and thus maintain their competitive edge,

repress genuine workers' organisations. Trade unions are often banned and strikes prohibited—as industries are decreed vital to the national interests. Where unions are allowed, they tend to be company controlled or government manipulated. Where strikes do take place, they are ruthlessly broken up and leaders arrested, sometimes beaten and imprisoned. Such as the strike last year of workers at Control Data in Korea, protesting the company's withdrawal from the country. Three women, according to latest re-ports, are still in prison, one of them seriously ill with TB.

Despite this, women workers are continuing to organise, are becoming aware of their rights. There have been a number of success stories—such as the recent strike of textile workers in Sri Lanka or the unprecedented strike in June last year in the Bataan export processing zone. Triggered by a strike by workers at Inter-Asia Container Industries, in protest against impossible quotas, the strike was soon joined by thousands of workers from 23 factories,

which left 80 percent of the zone's operations paralysed.

The pressing need for solidarity action—which I hope this presentation makes—is not, alas, the end of the story. It is not just women in Asia or the third world who are at the mercy of this transnational system. Women in the first world are directly affected.

The UNIDO working paper, mentioned earlier, points out:

“One of the most striking facts in labour intensive industry branches which are under strong competitive pressure on the international markets is the large employment of women, both in developed and developing countries. Indeed, female intensity of employment in an industry in the developed countries usually is a strong predictor of this industry's propensity for re-deployment. In the USA, for example, women form over 90 percent of all production workers and operators in the two industries which have been most heavily redeployed to developing countries—electronics and wearing apparel.”

For example, Atari, makers of video games and home computers, recently announced that they intend to shift production to Hong Kong and Taiwan from Silicon Valley, California. Silicon Valley employs a disproportionate number of migrant workers and has a workforce of which only six percent are unionised. In February 600 workers were laid off and by July 1,100 more will be released. The reason—cheaper labour costs in Asia compared to \$5 to \$6 *an hour* for its US—and non-union employees.

But there is an added twist when we consider the impact of microtechnology. Two industries immediately threatened by the new technology are electronics and textile and garments—the two industries employing predominantly women in industrialised countries and employing the bulk of the workforce in free trade zones in Asia.

An ILO study on the impact of microtechnology, points out:

“In these two sectors micro-electronics will have a significant



effect by eroding the advantage of cheap labour.”

The use of laser beam cutters and computerised systems for design, pattern production, monitoring and so on are resulting in the relocation—with reduced employment—of textile industries back to the industrialised countries. In electronics, the equipment exists to automate the labour intensive assembly and testing of chips. Control Data, for example, pulled out of Korea because it no longer needed assembly production provided by Korean workers. A senior official commented : “The future here (in South Korea) is for the computer programmers, not the assembly line workers. You don’t need 10 million people who can solder component boards.”

In other words, in both industrialised and developing countries, women are relegated to the low paid, low skill, dead end jobs and are most susceptible to replacement by cheaper labour. When higher skills are called for, the jobs overwhelmingly tend to go to men.

A study published in December 1982 in Britain on new technology and women’s employment concluded :

“We have a situation where, as a result of traditional patterns of job segregation, and inadequate education and training in scientific and technical subjects compared with men, women are disproportionately affected by the introduction of new technology. Not only are they more likely to lose their jobs but they are also more likely to find that the quality of work has deteriorated in the jobs that remain. There appears to be a low level of awareness of these problems, and collective bargaining does not seem to have mitigated them in a majority of cases.”

Thus women, in both developed and developing countries, are at the mercy of a system over which, at present, they have little or no control or influence, victims of a logic based not primarily on the well being of the many but on the increased profitability for the few. And it is women who are



paying for these profits—with their labour, with their health, with their unemployment.

In this scenario, concerted transnational action is called for. Action which goes far beyond pious appeals to some notion of corporate responsibility or paternalistic efforts or “programmes to raise the status of women”, as the foreign affairs minister recently put it. Transnational action which demands increased militancy—and the acquisition of power— by women and for women.

Called Mad

*Once, I saw her
Screaming at the world,
Once, laughing at it.*

*Yesterday, they say,
She played with the stream
And sang with the wind,
Flowered in spring
But bore fruit in winter.*

*Her likeness
She offered to the world.
It was spurned
And ceded to the grave.*

*Many were to follow. Many were her
woes.
Until she created her world And
walked into it.
Now she screams at the world And
laughs at it.*

—Prabha Rani

Tradition

*At the moment
Fm in deep waters
carried along by currents
which have soaked into me
as though I were a piece of wood.
I offer no resistance
except for an occasional twitch
or a bob to avoid danger.
Often I enjoy being swept along, and
even push myself into midstream.
After all, I’m a genuine person !
Helping my husband,
perform his mother’s obsequies—
His lips like crows
catching riceballs thrown by
penitents,
closing upon the priests’
spat out mantras,—
within its prison shrine
my tongue
assembled sense and syllable
in a sequence all its own
free of echoes.
After all, Pm a genuine person !
Offering a guest
the usual auspicious tray,
watching her fingers pick out
the right number of turmeric pieces
(two or four, but never three)
I let myself smile,
saw tradition’s face reflected
in approving eyes, pools
scooped in the bank
by the river’s playful finger.
The current is not
outside.
Far from being a piece of wood
I am the water.*

—Vasantha Surya