
Free Trade and Women

They stand to be the big losers in any trade deal with the U.S.

The manufacturing industries most vulnerable to free trade, such as clothing, textiles, leather products and toys, are the ones employing most female manufacturing workers. The same situation prevails in the service sector where most women workers are concentrated. Free trade in services would wipe out hundreds of thousands of women's jobs. And free trade would almost certainly halt and even reverse the move toward pay and employment equity in Canada.

Here are The Facts:

A particularly distressing feature of the move toward free trade is the fact that so little work has been done on the unequal effect it will have on specific industries, regions, and various groups of people in the country.

The government has adopted the rather cheerful view that, while some people may be worse off as a result of free trade, others will be better off, and somehow everything will work out in the end to the advantage of all.

This view reflects the Utopian faith in the market - i.e., the belief that ultimately the unrestricted pursuit of profits by business will produce the best results, given enough time.

Women know that it simply is not in their interests for the market to reign supreme. Market forces alone cannot provide them with sufficient jobs, nor will they eliminate the grossly unfair ways women are treated. In fact, of course, it is the market itself that has created these situations.

Women will in fact be the major losers in a bilateral free trade deal with the U.S. The most obvious losses will be in employment; for the most part women work in the manufacturing and service industries, which are the ones most vulnerable under free trade.

But the threat of free trade is not simply an employment issue. It will also affect the ways Canadians have tried to cope with social responsibilities.

The government contends that those who say our social policies will be "homogenized" with U.S. policies are merely part of a "lunatic fringe" who use scare tactics to stir up opposition to free trade. But these threats are real, and may have a dramatic impact on the social programs women need.

Manufacturing

The free traders usually admit that it could affect women adversely because of their predominance among workers in textiles and light manufacturing. About two-thirds of the workers in the most vulnerable industries (textiles, clothing, small electrical products, sporting goods, toys and games, and leather products) are women, and together these industries account for about 42% of all female manufacturing workers.

At the present, 13% of the female labour force is engaged in the manufacturing sector. As jobs are lost through the economic reorganization brought about by free trade, an even smaller proportion of the female labour force will be engaged in this sector. They will become even more concentrated in the service sector of the economy as the manufacturing industries where women now work fail.

But job loss is not the only problem. While severe reductions in the manufacturing labour force can be anticipated, for the jobs which remain there will be considerable "downward" or negative pressures on wages and working conditions.

The primary competition in the U.S. tends to be located in states which have atrocious labour legislation and very low minimum wages. Almost one-half of the United States are right-to-work states (mostly in the South).

Another problem is with the representation vote the National Labor Relations Board orders every time a union applies for certification. It sets the stage for a campaign that pits employer against union in what often becomes a long battle for the workers' vote.

Poor labour legislation undoubtedly accounts for

the fact that the American labour movement is on a decline. Only 18% of the U.S. work force is organized, compared to 38% in Canada. With competition coming from states with only 8% of the labour force unionized (like South Carolina), the pressure here to keep costs down will be strong; businesses will step up lobbies to weaken existing labour legislation and will certainly resist efforts to organize new groups of workers.

Finding new jobs

The Macdonald Commission claimed the loss of manufacturing jobs would not be a cause for serious concern because government adjustment assistance would give female workers the opportunity "to leave low-wage, declining sectors of employment for expanding ones."

This sanguine view that displaced female workers in manufacturing will find high-wage jobs in new, expanding sectors has no basis in any specific study. We are expected to take this view simply on faith.

But the idea that high-tech glamour industries will prosper and create new jobs in Canada, once we streamline our industrial sector, is pure fantasy. Even more fantastic is the notion that *displaced* workers will be easily employed in the future.

In the most vulnerable industries, we know that the female workers tend to be older than average Canadian female workers; they are much more likely to be immigrants and therefore less likely to speak English or French; they are more likely to be married; and they have considerably lower levels of education than the average female worker in Canada.

They are also much more likely to be living in Quebec. More than 65% of all the female manufacturing workers in Quebec are employed in the industries which almost everyone admits will be most adversely affected by free trade.

While the government promises to help dislocated workers in some way through

temporary adjustment policies to retrain and relocate them, if the experience of the past is any guide at all, these programs will be useless to women.

Even when there is retraining, it seldom benefits women. Women are substantially underrepresented in all training programs, but particularly those which offer extensive skills training.

Relocation requirements are particularly hard on women. For married women in families needing two incomes, relocating is a far from simple matter, since most families live where employment is available to males, simply because males are paid more.

Essentially, the "adaptive" behaviour the proponents of free trade are really referring to is lower wages and miserable working conditions.

The service sector

Many supporters of free trade are able to shrug when the plight of disadvantage female workers in manufacturing is raised as a serious issue. This is considered an unfortunate but necessary "cost" of building a stronger economy. However, women workers in the manufacturing sector are not the only ones whose jobs are threatened by free trade. The vast majority of women workers - over 80% of them - are employed in the service sector of the economy.

Services which are traded internationally include insurance, accounting, consulting, design, advertising, transportation, communications, banking, motion pictures, art, music, law, education, and the health fields.

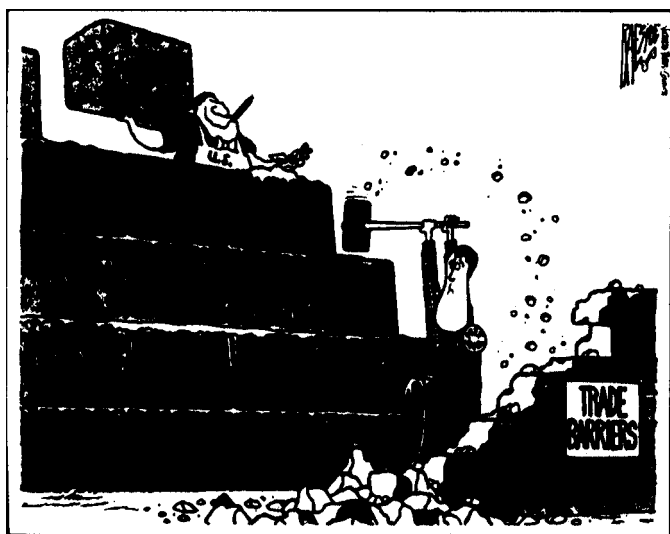
So far, the U.S. seems to be the only nation which is convinced of the need to negotiate free trade in services, but there are very good reasons why they are intent on doing so. Like Canada, the U.S. economy is increasingly service-oriented. The rapid advances in communications and transportation, along with a less restrictive international economic system, have made it easier for transnational corporations to exploit cheap labour markets in poor countries.

The result is that there has been an increasing tendency for labour-intensive production of transnational corporations to be shifted away from countries with relatively well-paid labour toward countries which can guarantee lower wage costs.

In the U.S., this has meant a substantial reduction in the significance of manufacturing to the economy, and increasing reliance on the service sector for incomes and jobs.

Services account for about two-thirds of the American GNP and almost 70% of the labour force.

But what is increasingly important to the U.S. economy is the *export* of services. With a decline in manufacturing exports, the U.S.



desperately needs to export more services so that its huge trade deficit of \$148 billion can be reduced.

International trade agreements, such as GATT, have so far focused on liberalizing trade in merchandise, and have excluded regulation of trade in services. The problem for transnational corporations has been that, as they are technically able to export more, countries facing increasing competition in services institute restrictions to protect their industries, jobs, and cultures.

Canada certainly has done this as American competition in radio, television, and publishing threatened our cultural institutions. But the important point with respect to services is that it is very difficult to know precisely which areas free trade will affect in the future, so that entering into a comprehensive agreement on trade in services may well preclude protection of many industries which are now not directly threatened.

Non-tariff barriers

Protection of services at the moment takes the form of such non-tariff barriers as professional licencing, government procurement policies which give preferential treatment to local service firms, restrictions on foreign banks and insurance firms, and limits on the operations of foreign transportation and communications firms.

But much foreign competition in services in the past has been limited by immature technology. This, of course, has been changing rapidly in the past few years and it is increasingly possible, for example, for many clerical services (such as data processing) to be provided externally. This is a growing problem in Canada, as more and more multinational corporations process data at their head offices.

For example, in 1978, only about 12% of the data of Canadian firms was being processed in the U.S. Today this has increased to about 25%, resulting in about 180,000 jobs lost.

It is highly likely that this trend will accelerate, but with free trade in services, it will be impossible to impose any restrictions at any time in the future.

One could well imagine the impact of free trade on transportation and communication jobs as well. With deregulation and free trade agreements it would be possible, for example, for U.S.-based airlines to initiate Canadian flights in the U.S., using U.S. workers, or for communications systems to be located outside the country.

The Macdonald Commission's approach to free trade in services is typical of the general disregard the free trade advocates have for employment losses. The Commission reasoned



that, since there are great advantages to the U.S. in gaining access to the Canadian service market, the U.S. would have an incentive to "offer . guarantees of improved access for goods exported from Canadas."

Since a much larger portion of our labour force is engaged in providing services than in manufacturing, the trade-offs are likely to be very lopsided. (About two-thirds of Canada's labour force is employed in service industries, while only about one-fifth is in manufacturing.)

For women, any policies which threaten jobs in the service sector will inevitably affect them, since it is in the service sector that the vast expansion in female employment has occurred in this century. And it is in the service sector that the most women have the most to lose.

Public policy

Aside from the direct impact free trade will have on women's employment, it is also likely that it will have an effect on public policy.

The U.S. assumes its government relations with business and regions are morally correct, and that other countries which are more interventionist in their economies are behaving unfairly. The result is a tendency to use its power, in the form of trade remedy legislation, to make trading partners conform to their own practices.

The Macdonald Commission explicitly states that a "level playing-field" will be necessary, and that regional, industrial and social policies will have to conform to those in the U.S. Any kind of social policy which is not comparable to social policy in the U.S. could be subject to challenge.

In short, if American business firms can point to a policy which appears to subsidize wages, they will be able to claim unfair trading practices and impose countervailing duties, or what amounts to a tax, on Canadian imports.

This could prevent any kind of affirmative action program, for example, which gave some sort of tax relief to encourage female employment in specific sectors. It could preclude special industrial training programs to benefit women. It could even challenge any extension of maternity benefits through unemployment insurance as an indirect subsidy to employers.

Employers, too, will point to the need to maintain a competitive edge in their fight against measures which will reduce wage inequalities between men and women. In fact, any social measures which are more progressive than those of our trading partner will be seen as unfairly disadvantaging industry here.

These arguments will be powerful disincentives for government action on such issues as equal pay for work of equal value and affirmative action measures.

The real danger is that, unless social programs

are drastically changed to conform to U.S. practices, it will be possible, as a result of the power of U.S. trade remedy legislation, for U.S. firms to have free trade in Canada, while at the same time access to the U.S. market for Canadian firms will be restricted.

Uncertain future

Canada has a very uncertain future, and in the past has been extremely vulnerable to changes in the global economy. Canada tends to suffer much more during economic downturns than other industrial countries. This is largely because of the extremely extroverted nature of our economy; we are much more trade-dependent than other nations.

For example, 30% of our Gross National Product is export-related. The magnitude of this reality is clear when our performance is compared with that of Japan, whose comparable figure is 17%. At present, almost 80% of our trade is with the U.S. In light of this, putting the major emphasis for Canada's economic future on increasing our trade with one country will hardly improve Canada's precarious position.

Even if free trade proved beneficial and could be negotiated in exactly the way the government wants, it would be secure to Canada only as long as an agreement lasted. If our economy becomes even more dependent on the U.S., there could be catastrophic repercussions if the U.S. at some future date decided protectionist policies were more to its advantage.

There is also a strong assumption behind all of the reasoning on free trade that the American economy will always be healthy, and that the dollar will always remain strong. If the U.S. dollar depreciates seriously, there will be drastic consequences for Canadian trade even if free trade exists.

The point is that tying the Canadian economy more closely to the U.S. will place this country in a much more vulnerable position - making it more difficult than ever to cope with the vagaries of external forces.

For women in the labour force, the most serious erosion in their position (not even to speak of improving it) comes when they are barred from jobs. Moving into new fields of work simply does not happen when job opportunities are not expanding.

Also, equality in employment programs (or affirmative action programs) have little hope of success, should they ever become a reality, when their very nature depends on new positions becoming open.

— Marjorie Cohen.

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