

The marketisation of social reproduction in the new service-led economy

MARINA FE B. DURANO

Policies are implemented within an institutional setting that dictates the distribution of costs and benefits. Among the challenges that we face today is the need to create a set of policy and legal instruments that will reconstruct the gender-biased institutional setting within which globalisation currently operates. The markets have generated a structure of incentives that encourages women to undertake productive activities. But we know of hardly any incentives to encourage men to take over caring responsibilities. The result is that social reproduction is being moved out of the households and into the privatised market sphere in what appears to be a move out of the frying pan and into the fire.

Introduction

Among the characteristics of the current wave of globalisation is the rise of the service industry and the increase in trade of services activities. Developed countries that are leading the way have progressively become more service-led economies over the last two decades. These economies have prized highly skill-intensive, knowledge-intensive and technology-intensive services since these provide the highest returns and largest added value. Meanwhile, the de-industrialised manufacturing sectors of developed countries have increasingly moved their operations to developing countries in the form of foreign direct investment while retaining control over productive activities in their headquarters.

The service sector in developing countries echoes the characteristics of the low-skilled, low-value-added nature of their manufacturing sectors, which have declined as a result of competitive threats from imported substitutes brought in by trade liberalisation. Thus, the polarisation between developed and developing worlds remains and even intensifies.

As this industrial and employment structural shift occurs, women are unable to move up the value-added ladder since the possession of skills, knowledge and technology continues to favour men. Furthermore, services sectors that support social reproductive work,¹ such as community, social and personal services, education services, and health services, are losing public financial support as the market is being presented as a more efficient method of providing these services. This occurs at a time when the stability of government budgets is constantly threatened by waves of financial and economic crisis.

Providing care, however, must continue, and «socially imposed altruism» is relied upon to ensure that provision occurs. Ascribing caring roles to women puts them under the double burden of productive and social reproductive work. The nature of the service sub-sectors where women are heavily involved are determined by these role expectations. The sub-sectors differ according to whether women predominantly act as consumers or act both as consumers and producers. In the case of the latter, services are least valued as they tend to be dichotomised between the formally regulated and the informally regulated, with women in the informal sector being most vulnerable to crisis.

The process of trade liberalisation and globalisation has placed a focus on the service sector, which used to be considered non-tradable. The insistence of investment² as a way of trading services facilitates the opening of service markets to foreign interests. When coupled with privatisation of state assets and corporations in the sector, the marketisation of services for social reproduction is practically guaranteed.

1 According to UCLA Economics Professor Sule Ozler, «*Social reproduction* describes all those activities and processes by which human beings are directly and indirectly maintained, materially and psychologically. These activities are embedded in social, and historically specific structures. Social reproduction can take place through various organizations such as the state, community organizations, and the family (child care, care of the elderly, care of the «workers» can be provided by all these institutions). Most of social reproduction in modern economic systems, however, takes place in the family, and more often than not, through unpaid labour of women.»

2 More precisely, commercial presence is the third mode of supply in the General Agreement on Trade in Services. The other modes of supply are cross-border supply, consumption abroad, and movement of persons.

The rise of the service economy

Not only have negotiations over tariffs in manufactured exports lost relevance over the recent decades, but developed economies have also seen a shift in their industrial and employment structure from manufacturing to services mainly because of technological advances and ever increasing specialisation. By the mid-1990s, the share of services in the gross domestic product of industrialised countries was around 70%. Newly industrialised economies have services at around the 50-60% range while developing countries are close to 40% (Kang, 2000).

Over this period there has been a perceived decline in the price of services, particularly for transport and communication. Jones and Kierzkowski (1990) think that this decline explains the increased use by manufacturing firms of global production chains as a production strategy. Thus, we find a fragmentation of production into production blocks that are then distributed among various countries, mainly developing countries. Certainly, the intermediate goods produced by these production blocks constitute much of global trade today. According to Milberg (1999), trade within firms now represents 30-50% of the trade volume of the major industrialised countries. This means that imported inputs are becoming increasingly important for these countries. Much of this has been made possible by the decline in the price of transport, which has lowered the cost of the physical movement of goods and the decline in the price of communication, which has lowered the cost of coordination between the headquarters and the production blocks.

With the spread of the production process across the globe comes the need for other supporting services such as finance, accounting and legal services to follow in the wake of fragmentation of production. Corporations using this production strategy have to decide whether these support services will continue to be supplied internally within the firm or outsourced to the service market. The rise in the number of service firms indicates that many have chosen the latter course. These services have to take on a trans-national character in order to service their corporate clients and, therefore, there is a push to open up service markets to these multinational service corporations.

At the same time, the location choice of the production blocks depends upon the availability of cheap labour—usually female—and a set of fiscal and other economic incentives provided by the governments of developing countries to encourage foreign direct investment.

The care economy

Fragmentation is not only happening among production firms. Households are also experiencing a similar kind of fragmentation; more and more socially reproductive services are being outsourced as more and more women participate in productive activities in the market. The rise in women's participation in the labour force, encouraged by export-oriented policies, cannot be understood simply as a contribution to economic growth. However, women's participation in production is conditional on the presence of a replacement for neglected social reproductive work.

Social reproductive work covers those services that have clear caring functions, which are particularly important in a setting where there are dependants—children, elderly and the infirm. Women's role as primary care providers is a social imposition. Social norms on family obligation assign to women the greater responsibility for care. Feminist economists have sometimes referred to the provision of these services as the «care economy».

When women enter the workforce, the household work that they traditionally performed must still be done. The replacement for the working woman can take many forms. It might be timesaving household appliances such as washing machines and dryers, laundromats or vacuum cleaners. It might be the laundrywoman or the housekeeper, part-time cooks or fast food delivery chains. It might be full-time nannies, babysitters on an hourly basis, or childcare services. It might be the elder daughters, the grandparents, or any other member of the family. The increase in hiring of domestic services helps explain to a certain extent the informal service market, which is mainly made up of these services. The provision of care is thus undertaken in the following ways: through the unpaid labour of female members of the household, through technological advances in household appliances, or through the service market.

Outsourcing of domestic services may not be as complex and sophisticated as the global production chains but it can and does take on a global character. In developed countries where both female and male labour force participation rates are very high and kinship systems are no longer a reliable source of support, the domestic services must be bought from the market.

Low wages in high stress situations characterise many services provided by women, such as nursing, teaching, and domestic care work. Rules on international migration are conveniently amended to fill the gaps in labour supply for these sectors. The Philippines is well known to provide domestic servants to families in Hong Kong, for example. There is also recruitment in some Caribbean countries, to provide teachers to the US public school system.

The occupational segregation as discussed is echoed in female-male wage inequality. This segregation accounts for a significant portion of the gender wage gap. And since the rise of the service economy depends to a great extent on skills, knowledge and technology, one can expect a widening of this gender wage gap in the future. Sassen (1998) has already established an exacerbation of inequality in profits and earnings within the global cities that have served as the base for service industries. An additional stimulus to greater inequality is the increasing «casualization» of employment in the service sector as firms have less demand for intermediate skills and full-time employment.

The decline of publicly provided services

Sometimes it is not very easy to identify what we mean by publicly provided services. There are many terms: social services, social welfare, social funds, social insurance, social safety nets, social security, social policy, social budgets, and so on. These terms refer to a mode of delivery but they all contain social services. Whatever we mean by publicly provided services, the provision of services has been threatened by budget cuts and privatisation, especially in debt-burdened economies. Publicly provided services have been sold to private companies or now use a voucher system or impose a form of user fee. When privatisation is coupled with trade liberalisation, the general experience is that the burden of social care will intensify for women, since women are the default providers of care.

Even when public services are available some questions have to be raised regarding the nature of these services. Infrastructure services do not meet the needs of female users. Social services have a paternalistic approach to the provision of care. Social welfare and insurance rely on the concept of a male breadwinner when programmes are developed.

Services may be divided into infrastructure services and social services. These two could not be farther apart from each other. Both, however, are very important to women. The difference between these two is in the manner of participation by women as producers or as users. Infrastructure services tend to carry a male gender association because men dominate the design, engineering and constructions aspects while women tend to be users of these services. Water and energy infrastructure in rural areas could help lower the time girls spend in collecting water and firewood and thus increase the time available for schooling, if planning and design recognised women as primary users of these services.

A different picture is drawn with social services where women are generally involved in both its production and use. Rather than women being able to control and determine the nature of provision as producers and users of social services, they have to accept that service provision at present is paternalistic, serving only to support and reinforce the «caregiver» roles of women. Since women are directly involved in the care of the family, they should be the ones receiving income support or be the target of social subsidies. Immunisation programmes, nutrition programmes, and so on, tend to target mothers, for example. This approach can be criticised for taking an instrumentalist view of women.

Social welfare programmes have not adjusted to the rise of the service economy. As the labour market becomes more informal and casual, welfare regimes based on the traditional manufacturing employment relations become irrelevant. Not only is there a need to reorient social welfare and insurance away from its male breadwinner bias (Elson and Gagatay, 2000), but reorientation is also needed to include those now outside of the regulatory scope as well as those beginning to fall outside of the regulatory scope of public social support in line with the reorganisation of the labour market.

This is not to say, however, that such programmes do not help women. These are necessary and supportive of their caring functions and help to ease their social reproductive burdens. The criticism with these programmes involves their inability to challenge the gender norms of caring.

Concluding remarks

Among the challenges that we face today is the need to create a set of policy and legal instruments that will reconstruct the gender-biased institutional setting within which globalisation currently operates. Policymakers can no longer ignore the interactions between economic policy and gender norms. The latter invariably dictate social behaviour and reaction to economic policies.

Policies are implemented within an institutional setting that dictates the distribution of the costs and benefits. Policy instruments are chafing against rigid institutions. The policies themselves cannot be expected to change the institutional arrangement of property rights and care obligations because they are not created to do so. The inconsistent results that literature on gender and trade have found are explained by this separation of the policy instrument from its institutional setting.

Although challenges by women and the women's movement to the institutional arrangements have been made, resistance remains strong. We know that the markets have generated a structure of incentives that encourages women to undertake productive activities. But we know of hardly any incentives to encourage men to take over caring responsibilities.

This is a dilemma for feminist advocates and activists. Policymakers only want to talk about policies and not about the interaction of policies with institutions. Without serious attention paid to the institutions, economic policy will always fail women. In the worst cases, policies will exploit women.

Finally, while there are differing views on the analysis of the care economy, there is agreement on the «concerns about the future quality of life in a capitalist marketplace in which paid care services are playing an increasingly important role» (Badgett and Folbre, 1999). Gender-blind policies are converging to move social reproduction out of the households and into the privatised market sphere in what appears to be a move out of the frying pan and into the fire. ■

References

- Diane Elson and Nilufer Gagatay. «The social content of macroeconomic policies.» *World Development*, 28(7): pp. 1347-1364, 2000.
- M.V. Lee Badgett and Nancy Folbre. «Assigning care: gender norms and economic outcomes.» *International Labour Review*, Vol. 138 (1999), No. 3, pp. 311-326, 1999.
- Ronald W. Jones and Henryk Kierzkowski. «The role of services in production and international trade: a theoretical framework,» in Ronald R. Jones and Anne Krueger, eds. *The Political Economy of International Trade*. Oxford: Basil Blackwell, 1990.
- Jong-Soon Kang. «The services sector in output and international trade,» in Christopher Findlay and Tony Warren, eds. *Impediments to Trade in Services: Measurement and Policy Implications*. London: Routledge, 2000.
- William Milberg. «Foreign Direct Investment and Development: Balancing Costs and Benefits.» in *International Monetary and Financial Issues for the 1990s Vol. XI*, Geneva: UNCTAD, 1999.
- Saskia Sassen. *Globalization and Its Discontents: Essays on the New Mobility of People and Money*. New York: The New Press, 1998.