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Women in the Global Factory

Annette Fuentes and Barbara Ehrenreich

The rise of the global economy has changed patterns of production for many countries. The United States, for example, had a relatively contained manufacturing economy at the end of World War II. Unions were strong and wages relatively high. As labor costs increased and cheap foreign-made goods began to compete with American-made products, the picture changed. In order to compete, U.S. and foreign multinational companies began to outsource their labor-intensive production tasks to "export processing zones" located in Third World countries. There, labor was largely provided by women because women could be paid less and were more accepting of authority. This is the process described by Annette Fuentes and Barbara Ehrenreich in this selection. They trace the escalation of "offshore sourcing" and show its effect on Third World women who do the work.

From "Around the World with Multinational Corporations," Chapter 1 in *Women in the Global Factory* (1983) by Annette Fuentes and Barbara Ehrenreich. Reprinted by permission of South End Press.

In the 1800s, farm girls in England and the northeastern United States filled the textile mills of the first Industrial Revolution. Today, from Penang to Ciudad Juarez, young Third World women have become the new "factory girls," providing a vast pool of cheap labor for globetrotting corporations. Behind the labels "Made in Taiwan" and "Assembled in Haiti" may be one of the most strategic blocs of womanpower of the 1980s. In the last 15 years, multinational corporations, such as Sears Roebuck and General Electric, have come to rely on women around the world to keep labor costs down and profits up. Women are the unseen assemblers of consumer goods such as toys and designer jeans, as well as the hardware of today's "Microprocessor Revolution."

Low wages are the main reason companies move to the Third World. A female assembly line worker in the U.S. is likely to earn between \$3.10 and \$5 an hour. In many Third World countries a woman doing the same work will earn \$3 to \$5 a *day*. Corporate executives, with their eyes glued to the bottom line, wonder why they should pay someone in Massachusetts on an hourly basis what someone in the Philippines will earn in a day. And, for that matter, why pay a male worker anywhere to do what a female worker can be hired to do for 40 to 60 percent less?

U.S. corporations call their international production facilities "offshore sourcing." To unions these are "runaway shops" that take jobs away from American workers. Economists, meanwhile, talk about a "new international division of labor," in which low-skilled, labor-intensive jobs are shifted to the "newly industrializing" Third World countries. Control over management and technology, however, remains at company headquarters in "First World" countries like the U.S. and Japan. In 1967, George Ball, senior managing director of Lehman Brothers Kuhn Loeb (an international investment company) and a former undersecretary of state, described the phenomenon this way:

> Today a large and rapidly expanding roster of companies is engaged in taking the raw materials produced in one group of countries, transforming these into manufactured goods with the labor and plant facilities of another group, and selling the products in still a third group. And, with the benefit of instant communications, quick transport, computers and modern managerial techniques, they are redeploying resources and altering patterns of production and distribution month to month in response to changes in price and availability of labor and materials.[1]

The pace of multinational production has accelerated rapidly since the mid-1960s. The electronics industry provides a good example of the new international division of labor: circuits are printed on silicon wafers and tested in California; then the wafers are shipped to Asia for the labor-intensive process in which they are cut into tiny chips and bonded to circuit boards; final assembly into products such as calculators, video games or military equipment usually

[1] George Ball, "Cosmocorp: The Importance of Being Stateless," *Columbia Journal of World Business* (November–December 1967): 26.

takes place in the United States. Yet many American consumers don't realize that the goods they buy may have made a global journey, and represent the labor of people in several countries—or that the "foreign" products that worry U.S. workers may have been made in factories owned, at least in part, by U.S. corporations.

ry of the Global Factory

> The Multinational Corporation. The Sun Never Sets on It. . . . The profit motive has propelled it on a fantastic journey in search of new opportunities.
>
> Irving Trust Company advertisement

In a 1971 survey, "low wage rate" was the main reason corporations gave for choosing offshore sites. Fairchild Camera and Instrument Corporation was among the earliest to expand overseas; in 1961 it established an export production plant in Hong Kong where wages were about 28 cents an hour. More and more firms followed suit. Corporate executives rationalized their decision in terms of growing international competition: "Our major customer had bids from the Japanese and from American companies with offshore plants. We had to go abroad to compete."[2]

Multinationals spread quickly in the 1960s, first to Hong Kong and Taiwan, next to South Korea and Mexico and then Singapore and Malaysia, seeking ever cheaper production bases for the assembly of everything from baseballs to washing machines. From 1960 to 1969 investment in offshore manufacturing by U.S. firms mushroomed from $11.1 billion to $29.5 billion. In the mid-seventies Thailand and the Philippines became corporate favorites. The assembly line was stretching.

By moving overseas, corporations were able to escape U.S. and European trade union demands for more stringent health and safety standards as well as higher wages and benefits. The public's growing concern with industrial pollution could be neatly sidestepped by transferring the pollution to countries that had no environmental regulations. As a Malaysian Health Ministry doctor explained, "The government's policy is to attract investors. The first question an investor asks is: 'What regulations do you have, and how well do you enforce them?' If he finds these two areas are weak, he comes in."[3]

During this period, earlier Third World economic development strategies—emphasizing the promotion of national industry and decreased dependence on imports from the U.S. and other Western countries—were scrapped for a new approach that, not coincidently, fit the needs of multinational corporations. By 1965, export-led industrialization had become the favored strategy for development, touted by the United Nations Industrial Development Organization (UNIDO), the World Bank and the International Monetary Fund (IMF), along with multinational corporations and banks. Third World countries were to roll out the red carpet for foreign investors and become "export platforms" producing goods for the world market. In return, "host governments" were promised jobs, technology and foreign exchange (earnings in such international currencies as the dollar and mark which are necessary for the purchase of imports such as oil and machinery). With assistance from UNIDO and the U.S. Agency for International Development (AID), "developing countries" designed their economies according to the multinational corporate blueprint. Protective trade barriers, of the kind used to protect U.S. and British industry in their fledgling years, were dropped to permit the "free flow" of capital and goods across national boundaries. Foreign investors were assured the full repatriation of their profits and Third World governments outdid each other offering tax incentives. For companies that preferred not to own and operate factories offshore, subcontracting arrangements with local firms were encouraged as an alternative.

[2] Mary Alison Hancock, "The International Electronics Industry," working paper from the Culture Learning Institute, East-West Center, Honolulu, 1980, p. 14.

[3] *Wall Street Journal,* December 9, 1980.

Cheap Labor
Wages Per Hour in U.S. Dollars

	Wage	*Wage & Fringe Benefits*
Hong Kong	$1.15	$1.20
Singapore	.79	1.25
South Korea	.63	2.00
Taiwan	.53	.80
Malaysia	.48	.60
Philippines	.48	.50
Indonesia	.19	.35

Source: *Semiconductor International,* February 1982.

Free Trade Zones

Free trade zones (or export processing zones, as they are also known) have emerged as key elements in this export-led development. The free trade zone is a haven for foreign investment, complete with electricity and other infrastructure and a labor force often housed in nearby dormitories. It is a colonial-style economic order, tailormade for multinational corporations. Customs-free import of raw materials, components and equipment, tax holidays of up to 20 years and government subsidization of operating costs are some of the enticements to investment. National firms are usually prohibited from operating in the zones unless they invest jointly with a foreign company.

Free trade zones—there are now over 100—mean more freedom for business and less freedom for people. Inside, behind walls often topped with barbed wire, the zones resemble a huge labor camp where trade unions, strikes and freedom of movement are severely limited, if not forbidden. A special police force is on hand to search people and vehicles entering or leaving the zones.

According to a highly-placed Third World woman within the United Nations, "The multinationals like to say they're contributing to development, but they come into our countries for one thing—cheap labor. If the labor stops being so cheap, they can move on. So how can you call that development? It depends on the people being poor and staying poor."

Puerto Rico's "Operation Bootstrap," which began in the late 1940s, was a preview of the free trade zone model of "development." The Puerto Rican Economic Development Administration placed an advertisement in U.S. newspapers in 1976, appealing for corporate investment with the promise "You're in good company in Puerto Rico, U.S.A." where there are "higher productivity, lower wages and tax-free profits." But companies aren't necessarily good for Puerto Rico. Under "Operation Bootstrap" export production increased as production of domestic necessities declined. In 1982, unemployment topped 30 percent; the island of Puerto Rico, with its tropical climate and fertile soil, now imports almost all of its food as well as manufactured goods from the "mainland." To pay for these costly imports, the country has gone into debt to U.S. banks and other lending agencies. In 1976, when the initial tax "holidays" for foreign investors ran out and minimum wage laws were implemented, many companies left to exploit even cheaper labor in Haiti and the Dominican Republic.

en on the Global Assembly Line

> We need female workers; older than 17, younger than 30; single and without children; minimum education primary school, maximum education one year of preparatory school [high school]; available for all shifts.
>
> Advertisement from a Mexican newspaper

> A nimble veteran seamstress, Miss Altagracia eventually began to earn as much as $5.75 a day . . . "I was exceeding my piecework quota by a lot." . . . But then, Altagracia said, her plant supervisor, a Cuban emigre, called her into his office. "He said I was doing a fine job, but that I and some other of the women were making too much money, and he was being forced to lower what we earned for each piece we sewed." On the best days, she now can clear barely $3, she said. "I was earning less, so I started working six and seven days a week. But I was tired and I could not work as fast as before." Within a few months, she was too ill to work at all.
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> Story of 23-year-old Basilia Altagracia, a seamstress in the Dominican Republic's La Romana free trade zone, in the *AFL-CIO American Federationist.*[4]

[4] Michael Flannery, "America's Sweatshops in the Sun," *AFL-CIO American Federationist* (May 1978): 16.

There are over one million people employed in industrial free trade zones in the Third World. Millions more work outside the zones in multinational-controlled plants and domestically-owned subcontracting factories. Eighty to ninety percent of the light-assembly workers are women. This is a remarkable switch from earlier patterns of foreign-controlled industrialization. Until recently, economic development involved heavy industries such as mining and construction and usually meant more jobs for men and—compared to traditional agricultural society—a diminished economic status for women. But multinationals consider light-assembly work, whether the product is Barbie dolls or computer components, to be women's work.

Women everywhere are paid lower wages than men. Since multinationals go overseas to reduce labor costs, women are the natural choice for assembly jobs. Wage-earning opportunities for women are limited and women are considered only supplementary income earners for their families. Management uses this secondary status to pay women less than men and justify layoffs during slow periods, claiming that women don't need to work and will probably quit to get married anyway.

Women are the preferred workforce for other reasons. Multinationals want a workforce that is docile, easily manipulated and willing to do boring, repetitive assembly work. Women, they claim, are the perfect employees, with their "natural patience" and "manual dexterity." As the personnel manager of an assembly plant in Taiwan says, "Young male workers are too restless and impatient to be doing monotonous work with no career value. If displeased they sabotage the machines and even threaten the foreman. But girls, at most they cry a little."[5]

Multinationals prefer single women with no children and no plans to have any. Pregnancy tests are routinely given to potential employees to avoid the issue of maternity benefits. In India, a woman textile worker reports that "they do take unmarried women but they prefer women who have had an operation," referring to her government's sterilization programs.[6] In the Philippines' Bataan Export Processing Zone the Mattel toy company offers prizes to workers who undergo sterilization.

Third World women haven't always been a ready workforce. Until two decades ago, young women were vital to the rural economy in many countries. They worked in the home, in agriculture or in local cottage industries. But many Third World governments adopted development plans favoring large-scale industry and agribusiness as advocated by such agencies as the World Bank and the International Monetary Fund. Traditional farming systems and communities are now crumbling as many families lose their land and local enterprises collapse. As a result of the breakdown of the rural economy, many

[5] Becky Cantwell, Don Luce, and Leonard Weinglass, *Made in Taiwan* (New York: Asia Center, 1978), p. 14.

[6] Amrita Chhachhi, "The Experiences of Retrenchment: Women Textile Workers in India," paper presented at textile workers conference of the Transnational Institute, Amsterdam, October 1981, p. 7.

families now send their daughters to the cities or the free trade zones in an attempt to assure some income.

The majority of the new female workforce is young, between 16 and 25 years old. As one management consultant explains, "when seniority rises, wages rise;" so the companies prefer to train a fresh group of teenagers rather than give experienced women higher pay. Different industries have different age and skill standards. The youngest workers, usually under 23 years old, are found in electronics and textile factories where keen eyesight and dexterity are essential. A second, older group of women work in industries like food processing where nimble fingers and perfect vision aren't required. Conditions in these factories are particularly bad. Multinationals can get away with more because the women generally can't find jobs elsewhere.

Not all companies want young women, although this is the exception rather than the rule. In Singapore, some companies had problems with young women workers who went "shopping for jobs from factory to factory." Management consultants suggested "housewives-only" assembly lines. Older and too responsible for "transient glamour jobs," housewives would make better candidates, they reasoned. One consultant recommended that "a brigade of housewives could run the factory from 8 A.M. to 1 P.M. and leave. Then a second brigade could come in [and] take over till 6 P.M. This way housewives need only work half a day. They will be able to earn and spend time with their families. The factories will get a full and longer day's work. Deadlines will be met."[7]

Corporate apologists are quick to insist that Third World women are absolutely thrilled with their newfound employment opportunities. "You should watch these kids going to work," said Bill Mitchell, an American who solicits U.S. business for the Burmudez Industrial Park in Ciudad Juarez. "You don't have any sullenness here. They smile." A top-level management consultant who advises U.S. companies on where to relocate their factories said, "The girls genuinely enjoy themselves. They're away from their families. They have spending money. They can buy motor bikes, whatever. Of course, it is a regulated experience, too—with dormitories to live in—so it's a healthful experience." Richard Meier, a professor of environmental design, believes that "earning power should do more for the women of these countries than any amount of organization, demonstration and protest. . . . The benefits and freedom to be gained by these women from their employment in these new industries are almost always preferred to the near slavery associated with the production of classical goods, such as batik."[8]

Liberation or virtual slavery? What is the real experience of Third World women? A study of Brazilian women working in a textile factory drew positive conclusions: work "represents the widening of horizons, a means of confronting life, a source of individualization. The majority of women . . . drew a significant

[7] "Our Fussy Factory Workers," *New Straits Times* (Singapore), June 18, 1978.

[8] Richard L. Meier, "Multinationals as Agents of Social Development," *Bulletin of the Atomic Scientists* (November 1977): 32.

part of their identity from being wage-workers."[9] By earning money and working outside the home, factory women may find a certain independence from their families. Meeting and working with other women lays the foundation for a collective spirit and, perhaps, collective action.

But at the same time, the factory system relies upon and reinforces the power of men in the traditional patriarchal family to control women. Cynthia Enloe, a sociologist who organized an international conference of women textile workers in 1982, says that in the Third World, "the emphasis on family is absolutely crucial to management strategy. Both old-time firms and multinationals use the family to reproduce and control workers. Even recruitment is a family process. Women don't just go out independently to find jobs: it's a matter of fathers, brothers and husbands making women available after getting reassurances from the companies. Discipline becomes a family matter since, in most cases, women turn their paychecks over to their parents. Factory life is, in general, constrained and defined by the family life cycle."

One thing is certain: when multinational corporate-style development meets traditional patriarchal culture, women's lives are bound to change.

Review Questions

1. Why have large corporations decided to engage in "offshore sourcing"?
2. What are "export processing zones"?
3. How do corporation and U.S. government officials justify offshore sourcing with female labor?
4. What kind of women are preferred by corporations for offshore work? Why?
5. What effect does work in export-free zones have on Third World women workers?

[9] Heleieth I. B. Saffioti, "The Impact of Industrialization on the Structure of Female Employment," paper presented at textile workers conference of the Transnational Institute, Amsterdam, October 1981.