

The Hidden Assembly Line

*Gender Dynamics of Subcontracted Work
in a Global Economy*

Edited by Radhika Balakrishnan


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Introduction

Radhika Balakrishnan

There was a growing interest among the nongovernmental organizations (NGOs) working in Asia to better contextualize their labor organizing work within a global economic framework. Activists were finding that a purely localized organizing strategy could not keep pace with the effects of the constantly changing structures of global capital accumulations. The changes in production patterns, particularly those that employed flexible production techniques, were greatly affecting the ability of activists to organize at the local level. Since the 1970s, rather than an increase in mass assembly production, industrialization in Asia has been typified by a mixed system based on free trade zones, subcontracting firms, and sweatshops (Ong 1997, 61).

This book is the result of a collaborative process that sought to break new ground by changing the way that most research is conducted. I was asked a few years ago to develop a research project for the Asia Foundation for its Women's Economic and Legal Rights Program.¹ It is important to note at the outset that the contents of this book express the views of the contributors and do not claim to represent the views of the Asia Foundation. Though the initial research was done under the auspices of the Asia Foundation, this book analyzes the initial findings from several perspectives.

From the ground up, the research that shaped this book focused on subcontracted work as a method for capturing the links between changing labor dynamics in several industries and macroeconomic policy at the national and international levels. Through anecdotal evidence it became clear that women were the primary workers, particularly in small shops and home-based work. We limited our investigation to only those two categories of subcontracted workers. The surveys tried to ascertain the changes in household dynamics as a result of this work. One of the main agendas of the research was to help better inform activist strategies for policy change by focusing on the complex gender dynamics that affected small-shop and home-based subcontracted work.

We focused on subcontracted workers because of the growth in that sector, the increasing academic interest in the relationship between changing economic conditions

and flexibilization of work, and lastly to make connections between the lives of women on the ground and the changes in national and international conditions.² Using the work of Beneria and Roldan on industrial homework in Mexico as a starting point, we explored “the connection between economic processes and the dynamics of social relations within the household (Beneria and Roldan 1987, 1).”

This book is an attempt to examine the relationship between macroeconomic changes over the last few decades and women working in the subcontracted sector. Each chapter tries to illustrate the particularities of its own national context in the hope that, in the end, we construct a multi-layered picture of this dynamic relationship. The change in the macroeconomic conditions has had a significant impact on the conditions of work for women and gender relations in the household. As Isabella Bakker (1999) points out:

Neoliberal political economy contributes to a marked fluidity between the public and private spheres, or the sites of production and reproduction, in several ways. Increasing informalization in advanced urban economies reconfigures not only economic relations between men and women, but also the sites where marketized labor occurs (Sassen 1998). Homework and other forms of subcontracting of labor, for instance, are not gender neutral because it is mainly women who adopt homework as an income strategy, and because men and women adopt homework for very different reasons and under different circumstances.

Women workers are drawn into poorly paid subcontracted work due to changes in the wider economy and the household division of labor. It is clear that there is little hope of significant change in their long-term standard of living or their empowerment as workers (Feldman and Ferretti 1998, 11). The effect of this work on women’s rights as workers, the impact it exerts on gender dynamics in the household, and how this kind of paid work affects the double burden women have in caring for their families and earning a wage are of critical importance.

Some of the issues of concern to us in doing this research are: has subcontracted work increased and under what condition/circumstances; what are the forces that influence its prevalence; who benefits from this changing production pattern within countries and across nations; and what is the impact of this kind wage labor on women’s social status and gender relations?

SETTING THE STAGE: VISITS TO THE FIELD

In my early visits to Thailand, India, the Philippines, and Sri Lanka, I was struck by the different ways that economic changes affected women. Though the evidence I present in this chapter is anecdotal, I think it illustrates the complexity of the relationship between gender dynamics and the changes in the domestic and international econ-

omy. I had the opportunity to visit many work sites while organizing and designing the research project. Below I describe a few of the places I visited and the conversations I had with workers to provide texture to the issues we analyzed.

Diversifying the Risk

In Thailand we visited several small shops in Bangkok that produced garments.³ The woman who managed the small shop told us that the workshop had expanded because the decrease in the value of the Thai bhat had made Thai workers much cheaper to hire than others. She also stated that many of the larger garment factories had closed and that production was now being contracted out to these small shops. She was aware that these clothes were to be exported to West Africa. Her business was thriving. The workers were paid at a piece-rate and most often worked ten to twelve hours a day. The shop was a tiny place with poor lighting and inadequate ventilation. The children of the workers played in the shop, sitting on top of sewing machines or on the pile of clothes being sewn. In this particular shop there were a few men who were also sewing side by side with the women. When I asked about their work, they informed me that they were all professional tailors who had lost their jobs because of the lack of demand for hand-tailored goods due to the competition and popularity of ready-made garments.

The workers knew the difference between the piece-rate they received and that of the woman who ran the shop. The shop manager, on the other hand, did not have any idea how much the person who brought her the work was getting paid or how much the clothes sold for in the retail market. Though we tried very hard to follow the subcontracting chain, very few of the shop managers knew where the garments went after they left the shop. Their immediate contact was the person who brought the work to them. There was no guarantee of payment for work done. The clothes had to pass a quality control check performed by yet another set of actors along the subcontracting chain. The shop managers often did not get paid on time and sometimes not at all. Since there are no written contracts, and the relationships along the production chain are informal and in constant flux, holding anyone accountable for payment was very difficult.

One of the impacts of the economic crisis in Thailand was to increase the amount of work that small subcontracted shops received. There was really no relevant labor legislation at the time and organizing these workers was very difficult since their employment status was so incredibly precarious. Some of the people we spoke to stated that many of the companies that closed down their factories actually stayed in the country and continued to produce garments through subcontracting arrangements. Some of the work also moved out of the cities to rural areas. Though it is difficult to assess the extent to which the closing of factories represented a shift in production sites from visible large factories to these hidden assembly lines, it is nevertheless evidence of a corporate strategy to decrease production costs and keep the production process flexible.

Production costs and business risks that would have been borne by the owner of a large factory are now shared by, and diversified among, a large number of individual entrepreneurs who are linked together in a pyramid-shaped network consisting of “center” and “satellite” factories. The factory’s profit margin, and hence chance for survival, decreases as one moves from the “center” to the “satellite” or from the upper to the lower levels of the pyramid (Hsuing 1996, 70).

The strategy of using subcontracted small shops decreased the vulnerability of corporations to the changes in the market. In some instances, the workers had been a part of the organized work force that must now work at a piece-rate. There were also many workers, however, who were new entrants to the labor force who could work in these places because they could bring their children with them.

Penetration of Capital

In Thailand we also visited a small village a few hours outside of Khon Kean. We were taken there by an NGO that worked with weavers to maintain their traditional weaving techniques and materials. The weavers had lost a great deal of their market and were unable to sell their products at a competitive price. The amount of labor required to weave cloth with natural dyes made their products too expensive for the local market and the lack of international contacts made the international market difficult to penetrate. Many of the weavers were starting to do subcontracted piece-rate work for the international market. We visited a group of women who were putting together plastic flowers. One of the women had a family member who knew someone in the plastic flower business and brought the work to them. In rural areas in general and in some of the urban centers, in most of the countries we visited, women who ran small shops or home-workers relied on family networks to get work. In all the places I visited, the person who brought the work to the small shops were men, and the people who ran these shops were women.

The woman we met ran a small shop in her backyard and all the workers were her neighbors. This was one of the rare instances where we were able to actually identify the retailer of the product. There was a price tag for a shop in the United States that sold plastic flowers. Each stem sold for \$3.99 per stem in the United States (about 160 Thai Bhat at the time). The women got paid 1 bhat per stem. They worked long hours for a piece-rate. One of the women we met had been a weaver but had to stop weaving because it was strenuous, took too long, and she could not make a living. She used to have the help of her daughter, but when her daughter moved to Bangkok to work in a factory she started putting together plastic flowers. She was not sure what her daughter was doing after the crisis, since she knew that the factory had closed down. All she knew was that her daughter was working for an uncle in the city.

It was interesting to observe the extent of the penetration of transnational capitalism. Far away from any urban center, a group of women sat in their backyards and

made plastic flowers for a shop in the United States because weaving was no longer a viable way of making a living. The contrast between the inability of the weavers to capture either a domestic or an international market for their products and the ability of corporations to be able to penetrate the far reaches of Thailand to find workers able to assemble plastic flowers is striking.

Competing with Workers Worldwide

In the Philippines we again visited many garment workers. Here the market for their products was the United States. Many of the products had logos of U.S. universities and the labels from big retail shops. The women worked in small shops with very little light and no ventilation. As in Thailand, the children played in the shops and the workers got paid a piece-rate that was insufficient to live on. Interestingly, when trying to find out who the subcontractors were, something we did everywhere we went, the women kept talking about Bombay. It turned out that the subcontractors were from India. When I enquired further, I found out that some were Indian immigrants to the Philippines, but that others were working in the Philippines in order to circumvent the quotas imposed by the Multi-Fiber Agreement. According to this agreement each country has a quota imposed on it that limits its exports. Many of the women complained that they had lost work due to competition from Thailand and China. Some of them were self-employed but were not able to make a living. Subcontracted piece-rate work that used to be supplemental income had now become the only source of income. Some of the workers had originally migrated from other provinces to work in the factories and were unemployed and too poor to return home. The factory jobs offered benefits and social security. Many of the workers interviewed were now a part of an NGO and were part of an ongoing organizing strategy. According to these workers, globalization presented one the main problems they were confronting.

National Level

In Gujarat, India, we first visited a factory that made jeans for the domestic market. This was a large factory with about fifty workers. The workers all kept their belongings outside and were checked when they entered and left the factory premises. The cutters in the factory were all male and paid a wage, and the sewers were all women and were paid a piece-rate. There were no labels on the jeans, which we learned were sewn on in a separate room. Though this was also a subcontracted factory, the size of the factory and the number of employees made it fall under national labor regulations. This factory was much more like the global assembly line that has been studied extensively. The difference in the atmosphere of the factory and the small shop—in terms of human interaction—was stark. There was very little conversation (and there were no children playing with scissors). There was also external security and surveillance of the workers by management. It should be noted,

however, that workers in small shops are also controlled—not by surveillance, but by their piece-rate-based earnings and the lack of a guarantee of payment. In talking to workers in several countries there existed some tension between the desire by many activists, particularly union organizers, to have work move back to a factory setting and the desire of workers to work near their homes in smaller settings with neighbors. The tension between the isolation and inability to organize has to be weighed against the problems women face in large factories. Recently many women were killed in a garment factory in Bangladesh because of hazardous work conditions and because the doors were locked to prohibit workers from leaving. This story keeps repeating itself through out the world. We need therefore to be more imaginative about forms of work that can capture some of the safety that working with neighbors or at home can bring with the need for workers to organize to protect their rights.

The Family

In Sri Lanka, about an hour outside of Colombo, we visited a manufacturer of wooden toys who sold them to a retailer in Europe. The owner of the factory explained that he preferred contract workers because when he had manufactured toys from a factory, the workers slowed down production during periods of high demand and asked for higher wages. Contract workers did not have the opportunity to organize and therefore he was better able to deal with market demand. He also explained that changes in the cost of materials were shared by him and the workers. The workers paid for the paints and other supplies while he provided the wood. This he felt would prevent waste and the workers would share in the rise in price of materials. The quality of the products were ensured since the workers only got paid for those toys that passed the quality inspection that was now conducted in the old factory. Many of the quality inspectors were male. Production was now organized around a number of small independently managed workshops, headed by women. These small shops were paid by piece, and the person who ran the center and worked alongside the other workers paid the other workers a piece-rate as well. As in Thailand, the workers know what piece-rate their neighbor received and what cut she got for providing the space and organizing the work. They were unaware, however, of the price that the owner got for the product.

In the company of the owner, we were then able to visit one of the small shops about an hour away. The women we spoke with were constrained in what they could say, given the owner's presence. They did state, however, that this work allowed them to be near home, to care for their children collectively, and maintain their household responsibilities. An unmarried woman was happy to be safe in her neighbor's house without having to travel to earn money before marriage. Though the work was not predictable and paid less than the minimum wage, the workers emphasized their need to have flexible work near their home. Another woman who was older used to work in a rubber plantation and was not able to physically continue working long hours and

take care of her family. These workers were not a part of a national pension plan and had no guarantee of work from their employer.

In India we visited some home workers in Gujarat, who were sewing clothes for the domestic market. In some of the households the men had lost their jobs and now relied upon the income generated by the piece-rate work that the women performed. Many of the women said that they had their husbands working for them so they could earn more money. In this case, the gender relations in the household were changed due to women's control over subcontracted work.

Here, capitalism's need for cheap labor allowed women a certain flexibility and control over their wages. They were more vulnerable to the forces of the market both in terms of demand for the product as well as inflation, but they had easy access to their homes, and the company and help of the community of their neighbors. . . . Where social constraints on public mobility or when religious prohibition prevents women from leaving their community, such subcontracted work gives them a way to earn wages and change the power relations within the household. The forces of transnational capitalism simultaneously maintain and subvert the existing social structures: they uphold patriarchal constraints on women's mobility and change the gender dynamics in the family (Balakrishnan, 2000).

THE PROCESS

The visits described above were the beginning of a process that eventually led to this book. In each of the countries we visited we were taken to meet workers by NGOs who were organizing women. It was apparent that our ability to find workers, particularly home-based workers, could only be done by partnering with NGOs. We also realized that the NGO voice had to be integral to the design and implementation of the research. The process of conducting research is as important as the results of the research.

I would like this book to contribute not only to the growing literature in the field, but also to initiate a dialogue about the production of knowledge and the way in which academics and activists can engage as equal partners in producing work that is useful to both communities.

The process by which the research was shaped is significant to the cohesion of the book and the knowledge it attempts to produce. I would like to spend some time talking about this process because it was unique, and, for me personally, one of the more exciting aspects of this project. Unlike many edited books, where individuals write in isolation on certain topics and the editor shapes them to cohere with each other, this book is a product of a complex and challenging process.

After initially coming up with the broad research agenda of collecting data on the gendered dynamics of subcontracted work in the context of the global economy,

Margaret Huang and I traveled to Asia to identify research partners. As we were both living in the United States, we wanted a team of researchers located in the countries that we were focusing on. It was important to us that this research have a life in the country beyond the scope of this particular project. It was also important to have people share work in the region. All too often it is those of us who live and work in the North that have the privilege of knowing about work in many countries in the South. Though there has been increasing effort over the last decade in developing regional collaboration, it is still a rare occurrence.

Through the contacts of the Asia Foundation and personal contacts in several countries, we met with many groups of people. On reputation and instinct, we then put together teams in each country. In some cases it was the first time that a particular group of people had met, while in others, team members had enjoyed prior working relationships. In our attempt to keep this research grounded in advocacy we asked that NGOs be equal partners in the research team. We wanted to establish an equitable collaboration between researchers and activists.

During the autumn of 1998, research teams were established in each of the five participating countries: India, Pakistan, the Philippines, Sri Lanka, and Thailand. Each research team consisted of experts in macroeconomics and sociology or political science, as well as NGO advocacy, though in several of the teams academics were also NGO members. This combination provided strong macroeconomic and gender analysis while keeping the research grounded in the advocacy needs of the NGOs.

It was in this very initial phase that the research plan became more concrete. In almost every country, we took time to visit subcontracted workers and to conduct short interviews with several groups, so that the research could be informed by the anecdotal stories from workers. Meeting with researchers also helped determine the design of the research, in terms of what was actually feasible in a short period of time and with limited resources. We decided that in each country, 150 workers would be interviewed using a survey developed by each team.

A collaborative process was used to refine the conceptual framework of the research. We were interested in making links between macroeconomic dynamics and the increase of subcontracting in Asia. Through anecdotal evidence it became clear that women were the primary workers, particularly in small shops and home-based work. We limited our investigation to only those two categories of subcontracted workers. The surveys tried to ascertain the changes in household dynamics as a result of this work.

Making use of electronic communications, we clarified the initial conceptual framework with input from each of the teams, and finally came up with collective terms of reference (TOR) for the research. Each country team focused on those sectors that were important to their national context. The teams then established their own survey instruments and conducted a pilot study with a small sample of women workers. The surveys themselves were varied, based on the strengths of each team. The use of one survey for all five countries would have provided more comparable data, but the

process of developing the survey to fit with national priorities, ongoing research, and activist interest seemed to us to be a more important long-term outcome.

At the end of this process, all the country teams met for the first time to collectively revise the TOR and include regional and international issues that had emerged. At this meeting, it was apparent that some of the issues—such as the gendered changes in time allocation and household budget expenditure—were not possible to capture in a large survey. We therefore decided to use focus groups and case studies to gather in-depth information that was not easy to ascertain from a survey. NGO members were trained to conduct the surveys, and in some instances the results of the findings were taken back to the workers and formed the basis of action workshops.

This meeting was crucial to the process, in that it established personal contacts and forged networks for advocacy that we hope will endure at the regional level and resulted in the articulation of problems involved in doing such research. The need for a multi-disciplinary approach was of crucial importance, but given that we generally work in a world that prioritizes a single discipline, translation across disciplines and differences between academic and activist priorities can sometimes prove challenging. Time was spent outside of the official meeting with individuals and individual teams, helping them to sort out any complicated working dynamics.

We met once again about seven months later—after the surveys were completed—to share research findings and, more importantly, to come up with policy implications of the five studies. We spent several days working in small groups broken up by country, discipline, and issues to emerge with a statement from each group that could be used for advocacy. There were quite a few differences in the policy strategies argued for at the national level, and we learned from each other. Several chapters in this book articulate advocacy strategies that NGOs have now employed at the national level.

CONCLUSION

The changing character of capitalist production has led to the flexibilization of work, and changes in technology make decentralization of work commercially viable and efficient. Women, in order to incorporate their reproductive role, often accept unstable and vulnerable work. This flexibility has led to: greater insecurity; reduction in wages (though in many cases these women are new entrants to the labor force precisely because work has moved into the home); and lack of pension or any other forms of government benefits, over-time bonuses, holiday or maternity leave, sick pay, or insurance (Mitter 1994, 16).

Addressing the problems faced by these workers is not easy. Organizing subcontracted workers at the local level can be very difficult precisely for the reasons why companies increasingly prefer this kind of work. Any attempt at organizing is used by the employer to move to another location. In some instances, because the NGO that was helping gather data was well known, workers were afraid to be seen with its organizers

for the fear of losing their contract. Their vulnerability as casual workers who are very difficult to find, makes organizing them very difficult. The familial relationship between the people who bring women work either to small shops or to their homes, once again decreases the ability and willingness to organize. In the places I visited it was also never clear whom to organize against. The shop managers, though making slightly higher piece-rates than the others, were not the focus of worker unrest. The workers had no idea where the work went and who was ultimately responsible for their working conditions.

Trade unions need to include informal sector workers and, in particular, subcontracted workers, to ensure that all are not pitted against organized formal sector workers. Unions should try to adopt a one-union/one-industry concept of organizing that includes all workers. It is important to note, however, that many subcontracted workers work in multiple industries in order to support their families year-round. Many NGOs had a hard time working with some of the traditional trade unions, since subcontracted workers were perceived as scab workers. Unions also need to, in many instances, see beyond a large factory model of organizing. More understanding of the industry-specific gender variations in the informal and formal sector is necessary, as well as the gender-specific dimensions of incorporating paid and unpaid work.

For many policy makers, the best means available to improve the economic situation of subcontracted workers, and women in general, seemed to lie in providing access to microcredit. Policy makers hoped that providing subcontracted workers with the necessary capital would enable them to become independent small-scale entrepreneurs. The problems with this response, however, are many. The larger economic changes that put women in these vulnerable positions in the first place remain salient.

Power relations in the household as well as in society have to be addressed. At the same time, focusing only on the social and cultural problems faced by women in many countries can divert attention away from broader macroeconomic forces and firm-level decisions that exacerbate these tensions. While advocacy at the international level might not take into account the particular needs of a community of workers, local level advocacy might be ineffective against the power of national and global macroeconomic policies. Given increased global economic integration, policy advocates need to become more effective at making links from the local to the international levels.

It is also important to recognize the relationship between specific macroeconomic policy and the effect that it has on working conditions, particularly for women. Feminist economists have brought attention to the policy biases inherent in the fact that women's unpaid reproductive work was invisible because it is not a part of the cash economy (Bakker 1999). Similarly the hidden nature of subcontracted work can lead to policies that are detrimental to women workers. Their contribution to the larger economy, though part of the commodity chain, is not seen or measured.

International efforts that bring attention to the plight of workers often end up harming the very workers in whose interest they seek to advance. For example, consumer campaigns in the North that boycott products made in sweatshop conditions

often have the effect of denying poor women access to even these meager wages. International campaigns need to be in closer touch with the organizers on the ground to respond to worker demands.

It is also crucial to examine the growing movement by corporations to adopt socially responsible practices. Under these initiatives, corporations require that the manufacturers whom they contract work to sign agreements that bind them, in principle, to pay legal wages and maintain proper working environments. Corporations frequently complain that they have done as much as they can do, and that it is impossible for them to monitor the practices of the manufacturers who themselves further subcontract out the work. This position conveniently overlooks the narrow profit margins these corporations force the manufacturer to work with, which often sets in motion a calculated scramble to reduce labor costs. Though I commend any corporation for taking an interest in the working conditions of workers, they are unwilling to address the central problem, which is their profit-making strategy. The sharing of risk among all the participants in the commodity chain will have a negative effect on the lives of the workers.

A larger intergovernmental body to ensure the rights of workers against the business interests of capital must be established. Though the International Labor Organization (ILO) exists—and due to pressure from workers there has now been recognition of the specific need to address home-workers—the ILO has little power to implement labor regulations (Prugel 1999). With the increasing power of the World Trade Organization (WTO) there is a need to establish a counter-balancing organization that has the ability and will to limit the power of corporations. The ILO itself needs to be strengthened and mandated to play a more powerful role. There also needs to be a UN body as there was in the past whose mandate is to watch over the abuse of power by Transnational corporations, in terms of issues broader than just labor.

In the context of these larger organizing concerns, this book brings together a collection of essays that examine the relationship between subcontracted work and the changes in the global economy.

Chapter 2 places subcontracting in a global context and provides a theoretical framework to help understand the reasons behind the increasing use of subcontracted work both nationally and internationally. The concept of push and pull are used to describe the reasons why certain industries and countries move toward subcontracted work. The gendered aspect of the labor market is examined to explain the overwhelming use of women in this sector, as well as some of the reasons why many women interviewed preferred this work. Balakrishnan and Sayeed focus on Pakistan, but also use macroeconomic information from other countries to make some generalizations about the relationship between macroeconomic policies and subcontracted work.

Chapter 3 looks at the relationship between women's access to paid work and the expectation of empowerment. Khattak questions whether patriarchal structures are broken down by the increase in women's paid employment or whether particular forms of employment inscribe them further. Using data collected in Pakistan, this chapter shows how subcontracted work maintains women's marginal economic status,