Over the past three decades, the world has witnessed a remarkable surge in global economic integration, propelled by increased trade, higher cross-border investment flows, and greater international migration. A growing body of research documents that this ever-increasing interconnectivity has brought about important changes in developing economies, and many of these shifts also have gendered effects. Accordingly, this special issue aims to expand the body of evidence around the gender-specific impacts of globalization within the context of lower- and middle-income economies, presenting a diverse range of papers using different empirical and theoretical strategies.

The first three papers in this volume use country-specific microeconomic data to analyze effects of trade liberalization on workers, consumers and households. “Trade liberalization and gender inequality in India: a task content of occupations approach” by Sharma analyzes the effect of trade liberalization on gender inequality in labor outcomes in India, focusing on heterogeneous effects by occupation type: manual versus cognitive occupations, and routine versus non-routine occupation types. A large existing literature has analyzed the effects of trade shocks on gender gaps in labor market outcomes, often finding that trade narrows these gaps by inducing technological upgrading that reduces the demand for physical labor and thus benefits female workers (Juhn, Ujehlyi, and Villegas-Sanchez 2014), or by increasing competition and rendering it more costly for firms to discriminate against women (Black and Brainerd 2004). Clearly, the effects of trade on women’s position in the labor market will vary depending on their baseline labor market engagement. Accordingly, understanding these effects requires a detailed understanding of the

1 For a review of the broad literature related to effects of trade liberalization in developing countries, see Pavcnik (2017). An earlier overview of questions around trade and foreign investment related to developing countries is provided in Harrison and Rodríguez-Clare (2010).
specific characteristics of different occupations, a framework motivated by Acemoglu and Autor (2011). This new paper takes an important step in integrating this occupation-specific framework with the larger literature around the labor market effects of trade liberalization in developing countries.

The gendered impacts of globalization on labor market outcomes explored in papers such as Sharma’s contribution are also likely to have important consequences for marital formation and fertility. Prior studies around this question have primarily focused on advanced economies, showing adverse effects of import competition shocks on marriage and fertility in the US and Denmark (Autor, Dorn, and Hanson 2019; Keller and Utar 2022). In this volume, Mansour, Medina, and Velasquez (“When Women’s Work Disappears: Marriage and Fertility Decisions in Peru”) examine Peru’s exposure to import competition from China in order to capture the demographic effects of trade liberalization. Using variation in initial industrial composition at the local level in conjunction with changes in imports from China (and instrumenting the latter shock with changes in Chinese imports to neighboring countries), the paper finds that import competition between 1998 and 2008 reduced the employment of less educated women, with much smaller and transitory impacts on men. These changes induced a decline in the probability of marriage with no significant changes in fertility. These results are consistent with a decrease in the gains from joint consumption associated with marriage, rather than an increase in the gains from household specialization expected from the decline in women’s employment.

A third closely related paper in this volume extends the household-level effects of globalization further to analyze the effects on children’s health outcomes, adding to a large literature on how economic shocks impact infant health (for a review, see Ferreira and Schady 2009). Specifically, Karim (“Trade Boomers: Evidence from the Commodities-for-Manufactures Boom in Brazil”) examines the effects of China’s growing trade with Brazil on the birth weight of babies in Brazil using a similar instrumental variables strategy as in the previous paper by Mansour, Medina, and Velasquez (2023). The findings show that import competition from China induces a negative income shock in affected regions of Brazil, leading to declines in fertility. The selectivity in births – now more concentrated in higher-income families – leads to a higher relative birth weight for infants born in more affected areas. The paper also documents that positive export shocks generate symmetric improvements in birth weight via a positive income effects for affected households. Overall, these results highlight an improvement in infant health outcomes through greater exposure to trade shocks in a developing country context. These findings complement related studies that explored the effects of trade shocks on adult health outcomes (Adda and Fawaz 2020; Autor, Dorn, and Hanson 2019; Pierce and Schott 2020), and are consistent with recent evidence examining the effects of import competition on infant health in Brazil (Charris et al. 2024).
However, the gendered effects of globalization are not limited to the labor market and associated demographic choices around marriage and fertility; women and the households they lead also participate in the market as consumers and may be disproportionately affected by price distortions induced by protectionist trade policies, most notably tariffs. A new contribution by Artuc, Depetris-Chauvin, Porto and Rijkers (“Protectionism and gender inequality in developing countries”) uses a large dataset incorporating micro-level household survey and tariff data across countries (including 54 low- and middle-income countries) to demonstrate that protectionism has an anti-female bias. In particular, female-headed households are disproportionately harmed by tariffs because they are less likely to be deriving income from agricultural products (products that are often subject to high tariffs), and spend a higher share of their household budgets on food, where they pay the costs of protectionism in the form of higher prices. This evidence constitutes an important reminder that fully unpacking the effects of trade liberalization on women’s economic welfare requires not only considering effects on their labor market outcomes, but also effects on prices.

We then move on to two papers that analyze gender inequality focusing on female-owned versus male-owned firms. Poole and Martincus (“Can Online Platforms Promote Women-Led Exporting Firms?”) seek to unpack export participation by women-owned and managed firms, primarily in Latin America. There is substantial evidence from a range of sources that female entrepreneurs face unique challenges in low-income countries; women-owned firms face higher barriers to growth (Sabarwal and Terrell 2008) and are significantly less profitable (Hardy and Kay 2018). These challenges are only exacerbated for firms seeking to participate in the international market. Digital tools that facilitate international market access may be a promising strategy to reduce the gender gap in firm participation, if the costs associated with accessing these digital tools are more gender symmetric relative to other trade costs. The authors analyze data from ConnectAmericas, a free informational online platform that promotes exports, and find that in Peru, participation in the platform is associated with a significantly larger increase in exports for female entrepreneurs, relative to male entrepreneurs in the same sectors and products. This evidence expands our understanding of the types of policy tools that may be effective in encouraging trade engagement by female-owned firms.

An additional paper by Ellis, Kinnan, McMillan and Shaukat (“What Predicts the Growth of Small Firms? Evidence from Tanzanian Commercial Loan Data”) analyzes detailed survey data from a large commercial bank in Tanzania, unpacking what firms experience notable loan growth that would be suggestive of a path toward firm expansion, and whether this process is different for male versus female entrepreneurs. They use machine learning methods to identify variables that are predictive of loan growth, and document soft variables capturing motivation and constraints are
informative about growth, even after controlling for administrative variables such as sector and age. They also find that a different, and larger, set of variables predicts loan growth for female-owned firms, suggesting that capital may be allocated less efficiently or with greater discretion to female-owned firms. These findings also raise the question as to whether female-owned firms could benefit disproportionately from financial liberalization if that liberalization leads to shifts in patterns of capital allocation.

Finally, an important contribution from Akin and Montecino (2023) focuses on the effects of financial liberalization on structural change and women’s employment using an industry-level panel of 88 developing countries from 1991 to 2019. The paper adds to a growing body of work that explores the gendered effects of globalization and macroeconomic policies (Braunstein and Heintz 2008; Erten and Metzger 2019; Seguino 2020). Following Fuerteri, Loungani, and Ostry (2019), Akin and Montecino (2023) define a financial liberalization episode as a year in which the Chinn-Ito capital account openness index increases by more than two standard deviations. Using a local projection approach (Jordá 2005), they find that such liberalization episodes are associated with large declines in women’s employment in tradable sectors, driven by structural reallocation of employment between sectors. Utilizing an open economy model, their results are consistent with the interpretation that an increase in capital inflows leads to a real exchange rate appreciation that disproportionately hurts the employment of women relative to men under a sufficiently large female allocation of time to non-market home production.

Taken together, these papers represent a major step forward in unpacking the gendered effects of globalization in low- and middle-income countries, encompassing both theoretical and empirical evidence at both the micro and macro level. The volume also highlights a range of unanswered questions that can be productively explored in future contributions.

References


