
The Downside of the Economic Miracle: China's Economic Reform and the Increase in Sex Trafficking

Alexandra Sakellariou
McGill University

Follow this and additional works at: <https://commons.case.edu/discussions>

Recommended Citation

Sakellariou, Alexandra () "The Downside of the Economic Miracle: China's Economic Reform and the Increase in Sex Trafficking," *Discussions*: Vol. 13: Iss. 1, Article 4.

DOI: <https://doi.org/10.28953/2997-2582.1154>

Available at: <https://commons.case.edu/discussions/vol13/iss1/4>

This Article is brought to you for free and open access by the Undergraduate Research Office at Scholarly Commons @ Case Western Reserve University. It has been accepted for inclusion in Discussions by an authorized editor of Scholarly Commons @ Case Western Reserve University. For more information, please contact digitalcommons@case.edu.

The Downside of the Economic Miracle: China's Economic Reform and the Increase in Sex Trafficking

Alexandra Sakellariou - McGill University

BIOGRAPHY

Alexandra is currently completing a Bachelor's of Arts Degree at McGill University in Joint Honors Political Science and Philosophy with a Minor in Sexual Diversity Studies. She is originally from White Rock, British Columbia. Alexandra has had academic papers published by McGill University, Penn State, The University of Victoria, and of course Case Western Reserve University. She hopes to one day pursue a career in the legal field.

ACKNOWLEDGEMENTS

Alexandra would like to thank her professors and mentors at McGill University for making this paper possible and inspiring her to submit it to publication. She would also like to thank her friends and family who have supported her throughout her academic endeavours. Without their love and support, this paper would not have been possible.

A Brief Overview of Sex Trafficking

According to the United States' Trafficking Victims Protection Act of 2000, sex trafficking is "the recruitment, harbouring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act" (Tiefenbrun, 2002). The use of "sex trafficking victims" here will refer to both those who have been coerced unwillingly into the industry and those who voluntarily joined but now work under unanticipated, inhumane conditions. It is difficult to empirically estimate the number of victims who work in the sex trafficking industry due to its clandestine nature and the stigma attached to sex work (Tiefenbrun, 2002). In fact, multiple scholars emphasize that sex trafficking continues to grow significantly each year on a global scale (Tiefenbrun, 2002; Finckenauer & Chin, 2011; Rozelle, Dong, Zhang, & Mason, 2002). Reports for the United Nations Inter-Agency on Human Trafficking emphasize that there has been a drastic increase in sex trafficking within China since the 1980s and anticipate that that it will only continue to rise (Tiefenbrun, 2002).

Many scholars attribute the increase in sex-trafficking in China to economic factors. In particular, James O. Finckenauer and Ko-lin Chin concluded that economic factors are the leading reason women enter the industry based on the results of a study they conducted between December 2006 and August 2008. Inspired by the increasing rates of Chinese sex trafficking observed since the early 1980s, they conducted research into the illicit movement of women from China to destination countries in order to assess the complications supporting this industry. They carried out over 350 face-to-face interviews with involved women as well as prostitution ringleaders, government actors, and law enforcement personnel. They found 75% of the women interviewed claimed to have entered the industry voluntarily, though under the impression they would be doing alternative work in better conditions. More importantly,

they found economic factors were the leading force influencing women's decisions to enter the industry. The authors explain, "the women's decision making was bounded- constrained or restricted- by their social, physical, and situational context, and their perception of those contexts" (Finckenauer & Chin, 2011). The lack of occupational and economic opportunity for women in China is the primary reason they are forced to turn to such unfavorable industries to support themselves (Finckenauer & Chin, 2011). The authors emphasize that greater economic opportunity for women in China would greatly reduce the number of women turning towards and becoming victimized by the industry.

This raises the question as to why women in contemporary China are left in such a dire economic state that they must turn to these kinds of illicit activities. The Chinese economy experienced somewhat of an economic miracle in the late 1970s, when a series of reforms were introduced that initiated rapid economic growth. These economic reforms led to an increase in gender inequality in the workforce, effectively marginalizing women and forcing them to look for alternative sources of income.

The Chinese Economic Miracle and Gender Wage Gap

Gender inequality was exacerbated during the economic reforms, even though the previous regime had been working to do the exact opposite. The Maoist Era, which lasted from 1949-1976, worked to increase gender equality. For instance, women were encouraged to fully participate in the labor force to advance their status. Women's employment in the urban sector increased from 7.5% to 32.9% from 1949 to 1978, and women were often employed full-time with the same benefits and entitlements afforded to men. At the same time, women faced considerable marginalization in the workforce as gender segregation was still prevalent. Women were

“The lack of attention the reformist government gave to enhancing women’s status allowed the gender wage gap to rapidly increase.”

often only hired in low-level administrative jobs, despite their qualifications, which offered less pay and benefits than male-dominated jobs (Dong and Zhang, 2009). Nevertheless, gender equality was experiencing an overall positive trend during this era. However, this all changed when the government became increasingly focused on establishing a market-oriented economy.

Beginning in 1978, the Chinese government introduced a series of market-oriented reforms, aiming to help the economy globalize and decentralize (Mah, 2013). The reform primarily targeted the rural sector, causing dramatic economic growth. As Justin Yifu Lin (1992) explains, “growth rates in all major sectors of agriculture were accelerated to levels several times higher than long-term averages over the preceding period” (p. 34). There were two general phases to the reform. The first, lasting from 1978–1984, saw the decollectivization of agriculture and an increase in foreign investment such as the contracting of many state-owned industries. The second stage, introduced in 1985, effectively lifted many protectionist policies and price controls as well as privatized many state-owned industries (Lin, 1992). These reforms led to a massive boom in the economy, which continues to influence the country. While these reforms were successful, they also impacted gender inequality.

When the regime changed in 1976 and began reforming the economy, the ‘equality of genders’ approach that Mao’s communist regime had previously taken was no longer important (Dong and Zhang, 2009). As a result, there was an increase in the wage gap between men and women. In 2002, Scott Rozelle et al. con-

ducted empirical research into the impact the market reforms had on the gender earning gaps. From 1988 to 1995, the wage gap was most stark for women in the labor and industrial sectors. For example, in 1988, women’s wages were 29% lower than their male counterparts and this rose to a 45.7% gap by 1995 (Rozelle et al., 2002). The wage gap was more apparent in the urban sector in comparison to the rural. The authors explain that it is “... unsurprising that that state of women in the urban sector fell further because they had received more protection from the government under the Socialist rubric of gender equality...” (Rozelle et al., 2002, p. 177). The lack of attention the reformist government gave to enhancing women’s status allowed the gender wage gap to rapidly increase.

“A country with traditional patriarchal values, such as China, is likely to propagate those values in the workforce, thus supporting a gender wage gap.”

Scholars emphasize that a gender wage gap is an anticipated consequence of reform that seeks to alter the economy. Bjorn Gustafsson and Shi Li (2000) explain that the increasing wage gap was possible because the reform gave more power to enterprises. Economic reforms removed barriers that prevented the non-state sector, composed primarily of collective enterprises as well as private firms, joint-ventures, and the self-employed from growing (Gustafsson & Li, 2000). The enterprises now had the power to regulate who they were hiring and how much they would pay. In another study, Stephanie Seguino (2000) demonstrates that the wage gap is essentially a strategic economic tool that employers may be inclined to utilize as it can actually speed up economic growth. Seguino looked at the economic growth and wages of several semi-industrialized countries between 1975 to 1995, noting an increase in wage gap for most of

them. She explains, “gender inequality stimulates investment, but also enhances the productivity of investment, possibly through the effect that low wages for women has on exports and therefore technology imports” (Sequino, 2000, p. 1223). Gender wage inequality is a strategic macroeconomic move, as female laborers are not as valuable in the workforce because of the time and energy they devote to the domestic and reproductive sector (Sequino, 2000). Traditional Confucian values that view women as inferior to men still permeate throughout Chinese society (Finckenauer & Chin, 2011). A country with traditional patriarchal values, such as China, is likely to propagate those values in the workforce, thus supporting a gender wage gap.

The Wage Gap and Rates of Chinese Female Sex Trafficking

There is a distinct association between the increasing wage gap and the rate of Chinese women entering the sex trafficking industry. The increasing wage gap jeopardizes the ability of women to economically support themselves in the traditional labor market (Rozelle et al., 2002). With the majority of women citing economic reasons for entering the industry, as demonstrated by Finckenauer and Chin (2011), it is strongly suggested that the gender wage disparity has helped leave women more susceptible to entering the industry. The reorganization of the economy and resulting labor market limited women’s opportunities. Finckenauer and Chin (2011) explain, “the labor market is structured in a way that compels many women towards the eventual career of prostitution- women are not fit for most demanding employment opportunities” (p. 51). These structural limitations impact women at all levels of society. The researchers noted that most women did not share common background characteristics before entering the industry. They varied in age, education, family or marital status, and work experience. Instead, the commonality between all of them was that they found themselves in unsustain-

able financial situations (Finckenauer & Chin, 2011). The structural limitations women faced compelled them to consider options outside of the legal economy to support themselves, leading many women into illicit industries such as sex trafficking.

“The structural limitations women faced compelled them to consider options outside of the legal economy to support themselves, leading many women into illicit industries such as sex trafficking.”

At the same time, it is important to recognize that the economic situation of women is not solely responsible for the increase in sex trafficking. For example, traditional Confucian views of women as inferior to men still permeate China’s social, economic, and political spheres. Finckenauer and Chin (2011) explain, “traditional Chinese views of women as being subordinate to men have re-emerged, putting women in a less advantaged position than before” (p. 49). This affects the perceived value of women’s work in the labor force, and, thus, their ability to be as economically successful as men. Traditional views also pervade the home environment, with many families treating daughters as inferior to sons, furthering limiting women’s opportunities from a young age (Finckenauer & Chin, 2011). In addition, there is also a growing demand for women for marriage and domestic slavery that China has yet to address. Finckenauer & Chin (2011) attribute this demand to two general causes: first, the rapid growth of sex tourism has made China one of the key destination countries for trafficking in the world; second, the One-Child Policy, which has increased female infanticide, which has led to a higher population of men in the country.

Resolving The Sex Trafficking Crisis

There are a wide range of approaches the Chinese government could take to decrease both the wage gap and rate of women's involvement in sex trafficking. Most importantly, as Finckenauer and Chin (2011) emphasize, the government must increase economic opportunities for women. This should include the introduction and enforcement of policies that prevent hiring discrimination based on gender and enforce equal wages for men and women (Tiefenbrun, 2002). China currently has specific laws that work to mitigate gender inequality in the workforce. For example, the Labour Law and Regulations on the Scope of Prohibited Labour for Female Workers prevents women from working in certain jobs seen as only fit for men (Tiefenbrun, 2002). Discriminatory laws such as these should be removed. Moreover, the government could introduce gender-based quotas.

“Effective measures to reduce the amount of women who are susceptible to participation and involvement in sex trafficking is crucial in order to combat this phenomenon.”

Beyond the economy, many scholars emphasize the need for China to strengthen its laws and increase punishments regarding sex trafficking, noting there has been a lack of enforcement of the existing, but weak, laws (Tiefenbrun, 2002; Finckenauer & Chin, 2011; Rozelle et al., 2002). For any of these approaches to succeed in increasing gender equality, the government should take a much more active role in the labor market and economy, similar to the strategy employed under Mao. Effective measures to reduce the amount of women who are susceptible to participation and involvement in sex trafficking is crucial in order to combat this phenomenon. It is imperative that the Chinese government

take effective measures to address this issue before this heinous industry has a chance to negatively impact the lives of countless other women.

References

- Dong, X. & Zhang, L. (2009). Economic transition and gender differentials in wages and productivity: Evidence from Chinese manufacturing enterprises. *Journal of Development Economics*, 88, 144-156. doi:10.1016/j.jdevec.2008.02.006
- Finckenauer, J. O. & Chin, K. (2011). Researching and rethinking sex trafficking: The movement of Chinese women to Asia and the United States for commercial sex. National Institute of Justice, Office of Justice Programs, U.S. Department of Justice, 1-204. Retrieved from <https://www.ncjrs.gov/pdffiles1/nij/grants/233583.pdf>
- Gustafsson, B. & Li, S. (2000). Economic transformation and the gender earnings gap in urban China. *Journal of Population Economics*, 13(2), 305-329. Retrieved from <http://www.jstor.org/stable/20007717>
- Lin, J. Y. (1992). Rural reforms and agricultural growth in China. *The American Economic Review*, 82(1), 34-51. Retrieved from <http://www.jstor.org/stable/2117601>
- Mah, J. S. (2013). Globalization, decentralization, and income inequality: The case of China. *Economic Modelling*, 31, 653-658. <http://dx.doi.org/10.1016/j.econmod.2012.09.054>
- Rozelle, S., Dong, X., Zhang, L., & Mason, A. (2002). Gender wage gaps in post-reform rural China. *Pacific Economic Review*, 7(1), 157-179. doi:10.1111/1468-0106.00009
- Seguino, S. (2000). Gender inequality and economic growth: A cross-country analysis. *World Development*, 28(7), 1211-1230. [http://dx.doi.org/10.1016/S0305-750X\(00\)00018-8](http://dx.doi.org/10.1016/S0305-750X(00)00018-8)
- Tiefenbrun, S. W. (2002). Sex sells but drugs don't talk: Trafficking of women sex workers and an economic solution. *Thomas Jefferson Law Review*, 24(149), 161-189. Retrieved from <http://heinonline.org/HOL/Page?handle=hein.journals/tjflr24&id=&page=&collection=journals&id=170>