



Not 'taken' for granted: Can freedom curb human trafficking?¹

John A. Tures^{a*}

^a Professor of Political Science, LaGrange College, GA 30240, USA.

*Corresponding author's email address: jtures@lagrange.edu

ARTICLE INFO

Received: 26-12-2016
Accepted: 18-01-2017
Available online: 25-01-2017

Keywords:

Freedom;
Human trafficking.

ABSTRACT

In this study, we examine the relationship between freedom and human trafficking in non-OECD countries. Countries with high levels of economic and political freedom both do a better job of prosecuting human traffickers, protecting of victims, and preventing of the problem from occurring in the first place. Other key political, economic and social factors are not associated with reducing the incidence of human trafficking in the developing world.

JEL Classification : F22; J61; K42.

© 2016 The Authors. This is an open access article under the terms of the Creative Commons Attribution License 4.0, which allows use, distribution and reproduction in any medium, provided the original work is properly cited.

DOI: <http://dx.doi.org/10.18533/jefs.v5i01.268>

ISSN 2379-9463(Print), ISSN 2379-9471(Online)

1. Human trafficking: Is it finally "taken" seriously?

In 2009, the Hollywood film "Taken" told the fictitious story of a security expert whose daughter and her friend are kidnapped in Europe by a gang that is intent on selling her to wealthy buyers as a sex slave. Though primarily meant as an action film, it thrust the subject of human trafficking into mainstream America, where the subject was once barely covered.

In response to the growing coverage of the problem, the United States government began to analyze the problem. In the 2009 Trafficking in Persons Report (TIP), the State Department reported, "at least 12.3 million adults and children worldwide are subjected to forced labor, sexual servitude and stolen organs, with the global financial crisis heightening the problem through the increased demand for cheap labor, services — and even body parts" (Fetini 2009). The report lists countries in three different tiers with one being the most proactive in preventing human trafficking and a "3" being the least proactive (Fetini 2009).

But with the State Department getting involved, could the report be used as a political tool? It certainly seems possible. "The U.S. government may withhold non-humanitarian, non-trade related foreign assistance. Countries that receive no such assistance ... [may] not receive funding for government employees' participation in educational and cultural-exchange programs (Fetini 2009)." In June of 2010, the U.S. issued warnings to multiple states concerning possible sanctions as a result of their lack of regulations in place to combat human trafficking. Among the list of countries warned were countries the United States tends to dislike for other reasons, like Cuba, Iran and North Korea (U.S. Puts Nations on Notice for Trafficking 2010). Some countries like Ethiopia, Romania

¹ Research Assistants Kadeshia Brown, Jeremy Ikner, Matthew James, Megan McDonald, Sean McNamee, Jessica Nelson, Oscar Prim III, Knox Robinson, and Isaiah Whitfield, LaGrange College undergraduates, heavily contributed to the paper, which was presented at the annual meeting of the Association for Private Enterprise Education (APEE), April 2014, thanks to a generous grant from the Koch Foundation.

and Madagascar, that the U.S. hopes to cultivate as allies, have received favorable ratings (*The Economist* June 14, 2008).

Moreover, there is a concern among businesses that wage disputes and payment issues will be coded as cases of human trafficking, even though both parties may initially agree to the contract (Heller, Lawson, and Williamson 2014). An example of this type of thinking comes from Feingold (2005), who claims that trafficking is often an issue of economic inequality, where the lure of a "big city" factor gets people trapped into labor trafficking situations.

Another example of this mindset comes from Davidson (2008), who argues that most trafficking would be legal under domestic laws, even in the First World. "[W]hether we are talking about contested markets or about markets, institutions and practices that under normal circumstances are regarded as legitimate, identifying 'trafficked' persons is always problematic because the experience of coercion and exploitation during the migratory process and at the point of destination spans a continuum. Since there is no consensus about the point on the continuum at which poor but tolerable working conditions slip over into forced labour (or in which tolerable conditions for wives or adopted children and so on slip into 'modern slavery'), there is no universal, established, external referent against which cases can be measured and judged to be 'trafficking' or not 'trafficking.'"

What is needed is analysis of human trafficking free from political and economic biases to analyze whether freedom, a factor considered the antithesis of slavery, can help combat this practice of human trafficking.

2. Literature review

2.1 Economic freedom vs. human trafficking

Adam Smith's work *The Wealth of Nations* extolls the virtues of the free trade of goods. And many analyses that agree with his theory have focused on the connection between economic freedom and resources (Campbell and Snyder 2012). But Smith's free market economic theory also covers the producers of the products. "Adam Smith (1776) captured the basic idea in his famous butcher, baker, and brewer example, and even more in his example of the vast social cooperation under the division of labor evident in the exchange and production of the common woolen coat," write Peter J. Boettke and Daniel J. D'Amico (2010). Also, "[Israel] Kirzner says that 100 percent of successful entrepreneurial actions are coordinative. We say it is less than 100 percent, but high enough to give the claim presumptive truth," write Daniel B. Klein and Jason Briggeman (2010, 28).

But what should be done about the cross-border movement of those who make the goods? Early economic liberals did not always consider this. "Even Adam Smith thought that it was products that mattered, and that services did not add to wealth. That error was corrected by the great French economist Jean-Baptiste Say, who pointed out that services are the underlying source of value, for we value tangible goods only because of the services that they provide to us (Palmer 2010)." The alternative in Smith's day, the large mercantilist empires, controlled the flow of people, as well as goods. Llosa (2002) writes "Through a monopoly of commodity exchanges, the Spanish Empire controlled the trafficking of goods, capital, and human beings between the mother country and the colonies."

A theory of free trade, including current and historical cases, must incorporate the free transit of peoples across borders, both as laborers and tourists (Mehar 2010). Palmer (2010) concurs, saying "An increasing amount of value is being added to the world by qualified radiologists in India, by bankers in west Africa, by insurance companies in South East Asia, and on and on."

As for tourism, Mehar (2010) cites significant declines in per capita tourist expenditures despite increases in the tourist trade, and "severe bias in the visa and migration policies," as noted in the Henley Visa Restrictions Index. These restrictions are, of course, the work of special interest groups that would be threatened by competition from abroad, and seek protection. According to Palmer (2010, 4) "Protectionism of all sorts doesn't protect the people of a country; it only protects narrow, special interests at the expense of the people.' He adds "As an aside, that is why I object to the very word 'protectionism.' A better and more neutral term would be trade restrictionism."

But Mehar also finds cases where there is an increase in this cross-border service activity. "Pakistan imports more than 60 percent of its required goods from those 23 countries where its 70 percent migrants are settled. Migrants promote the host countries products in their native countries. Though migration improves the trade relation (*sic*)

also at the export front; the empirical results show that role of migration stock is more significant in promoting the exports from host country to the country of origin of the migrants (Mehar 2010)."

But without this free trade of peoples, the world devolves into a greater disparity between haves and have nots. "The creation of two worlds from the present one is more dangerous as compared to the [C]old [W]ar era, when the world was divided geographically. The upcoming distribution is not geographical. Every region is silently being divided into masters and slavers, and unfortunately this type of 'slavery' is not being recognized (Mehar 2010)."

This "slavery" that Mehar writes about is being forced to stay within the confines of a country's borders, unable to move to a country of choice, to work, emigrate, or even visit. And that is where the subject of human trafficking comes into play. Individuals, desperate to escape the "slavery" of their native country, seem even willing to risk the horrors of human trafficking or slavery in a new land. "The most problematic area belongs to the mobilization of labor. The growing issues of the law and order situations, cultural clashes, human trafficking, and terrorism are the obstacles in the way of free mobility of labor, which are being mentioned by the policy makers (Mehar 2010)." In others words, the anti-free market policies of a country are what give rise to human trafficking motives in the first place.

In a related matter, Justin Merriman (2012) covers the issue of human trafficking in his examination of mail-order brides, a practice he says differs little from arranged marriages of bygone days. "What would happen if the mail-bride system were thus criminalized and became part of the underground market?...Western societies, by both law and social pressure, protect the life, liberty, and property of women who participate in the currently legal mail-order bride industry. If transnational marriage were outlawed, however, as radical feminists wish, no laws would protect women engaged in this illegal activity, and it would become an avenue for human trafficking."

2.2 Political freedom vs. human trafficking

Merriman's point out the protection of people via law and societal pressure give rise to the notion that politically free societies may be better equipped to handle human trafficking problems, or keep them from arising in the first place. There is a potential connection between a country's respect for both civil liberties and political rights and whether people are victimized by human trafficking in that country that is recognized in the literature. Already, we have seen that political freedom is linked to economic freedom (Tures, 2006).

Julia O'Connell Davidson has noted that there has been sort of a lumping of anti-slavery and anti-trafficking movements. In fact, it is safe to assume that human trafficking is the new form of slavery and there are several reasons for this. This assumption goes a long way in explaining the relationship between these variables of political freedom and human trafficking. First, we need to understand what slavery is. In this article, Davidson claims that there are three components to slavery that correlate with human trafficking. The first in the words of the author is "involuntary nature" and how neither the trafficking victim nor the slave can "walk away" from their situation (Davidson 2010). The second and third components are "economic exploitation" and "violence or the prospect of violence." She adds "talk of trafficking as modern slavery generates an illusion of political consensus, for nobody is in favor of slavery (Davidson 2010)."

Now that the independent variables that could be related to combatting human trafficking have been identified, it is time to determine if these, or any other factors, are significantly related to the dependent variable. To do so, we report how each factor is to be measured in our test.

3. Data measures

3.1 Dependent variable

The United Nations defines human trafficking is defined by the U.N. as "The recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation" (United Nations Office on Drugs and Crime 2000).

Human trafficking data comes from research by Cho, Dreher and Neumayer (2011). The authors use three measures from the United Nations Protocol to Prevent, Suppress and Public Trafficking in Persons, Especially Women and Children, developed in 2000. This includes three 5-point scales that include a focus on prosecuting

offenders, protecting victims of human trafficking, and preventing the crime of human trafficking from occurring in the first place.

The overall result is a 15-point scale, with higher scores indicating a better ability to combat human trafficking, while lower scores indicate a lower ability to police the problem. The data provides 177 country-cases for 2009, the most recent year available at the time, which we use for our cross-sectional analysis. We also removed OECD countries to avoid having economic wealth confounding the results. Not taking this step could lead to people to conclude that the greater wealth and resources enjoyed among First World countries is responsible for greater efforts to combat human trafficking, as opposed to economic and political freedom. In other words, our study provides a tougher test for freedom and its ability to stop human trafficking.

3.2 Independent variables

Economic freedom

The data on economic freedom comes from the Economic Freedom of the World dataset. According to the Economic Freedom of the World annual report from 2009, economic freedom is “designed to measure the consistency of a nation’s institutions and policies with economic freedom. The key ingredients of economic freedom are (1) personal choice, (2) voluntary exchange coordinated by markets, (3) freedom to enter and compete in markets, and (4) protection of persons and their property from aggression by others. In order to achieve a high EFW rating, a country must provide secure protection of privately owned property, even-handed enforcement of contracts, and a stable monetary environment. It also must keep taxes low, refrain from creating barriers to both domestic and international trade, and rely more fully on markets rather than the political process to allocate goods and resources (Gwartney and Lawson 2009).”

Political freedom

The data for political freedom comes from Freedom House (2009). It includes information on 193 countries, compiled by a variety of experts from a variety of fields about how well the country respects the civil liberties and political rights of its people. The mostly free states coded “free” by Freedom House, receive a score of two. The least free states get a designation of “not free” by Freedom House and are assigned a score of zero. All of those in the middle get a “partly free” rating and a score of one.

Other Independent Variables

Economic Health:

The economic health of a country is measured two ways. The first is from a GDP Index, developed from the Human Development Index component of GDP per capita, and is posted in the United Nations Development Program’s Human Development Report (2009). It was calculated for 182 countries and is based upon the United Nations’ 2007 data. The second measure of economic health comes from the 2009 poverty and decline index of the Failed States Index. The Failed State Index defined as “an annual ranking of 177 nations based upon their levels of stability and capacity (Messner and Haken 2011),” using a Conflict Assessment Software Tool (CAST) for a dozen key political, economic and social factors (Messner and Haken 2011). Higher scores indicate more problems for the countries in the Failed State Index.

Economic Inequality:

Economic Inequality data also comes from the Failed State Index 2009 numbers (Messner and Haken 2011). In particular, we use the “uneven development index” to account for this. As with the “poverty and decline index,” countries in the “uneven development index” have higher scores as problems (like economic inequality) increase.

Corruption:

Data on corruption comes from Transparency International’s “Corruption Perceptions Index” for the year 2009. As the authors note, “corruption is the abuse of entrusted power for private gain. It hurts everyone whose life, livelihood or happiness depends on the integrity of people in a position of authority (Transparency International 2011). The CPI is gathered for almost 200 countries, measuring local accounts of how endemic corruption is in the country. Higher scores on the CPI show less corruption within that society.

Conflict:

For conflict, we chose another pair of measures from the Failed State Index for 2009. These include the “external intervention index” and the “security apparatus index (Messner and Haken 2011).” The former would include conflicts with an international component, while the security apparatus would be more likely to be stronger in countries with a need for such large forces, such as those with international conflict (or the threat of it) present. Higher scores for both serve as an indicator that conflict is likely to be a problem in that country.

Refugees:

Messner and Haken (2011) provide the data for the refugees in their Failed State Index. In particular, the data from this 2009 index can be found in the "refugee index" for nearly 200 countries. As with other components of the Failed State Index, countries with a greater level of refugee problems will have higher scores on the "refugee index."

Social Health:

Earlier, we employed the Human Development Index's GDP Index to measure economic health. But there are two other components in the HDI. These two indices include a measure of life expectancy and literacy. These measures were posted in the Human Development Report for 2009, but account for data from 2007 for 182 countries.

Testing for multicollinearity

We looked at several different measures of each independent variable, ranging from rankings to percentiles. But in each case, we found a problem: multicollinearity, which had the effect of artificially dampening our coefficients in our model, without impacting overall model significance. Tolerance measures show scores of less than 0.1, indicating the problematic presence of multicollinearity.

Therefore, we eliminated those variables with consistently low scores, especially economic factors linked to unemployment and annual changes in GDP as well as PPP. None of the remaining tolerance values are below 0.1. Some may question the use of variables with tolerance levels below 0.2, but there is some support for at least accepting these variables into the model (O'Brien 2007).

4. Findings

Table 1 presents the result of main findings.

Table 1: Freedom and control variables impact on human trafficking

<i>Dependent Variable: Human Trafficking</i> (Positive Scores = More Ability To Combat Human Trafficking)	
<i>Independent Variables</i>	
Economic Freedom (Economic Freedom of the World)	.616* (.350)
Political Freedom (Freedom House)	.761** (.319)
<i>Control Variables</i>	
GDP Per Capita (UN Human Development Report)	-3.140 (2.251)
Life Expectancy (UN Human Development Report)	2.002 (1.955)
Education (UN Human Development Report)	2.031 (1.706)
Corruption (Corruption Perception Index)	-.300 (.214)
Uneven Development (Failed State Index)	-.282 (.253)
Refugees (Failed State Index)	-.086 (.135)
External Intervention (Failed State Index)	.089 (.176)
Poverty Decline (Failed State Index)	-.226 (.275)
Security Apparatus (Failed State Index)	.171 (.193)

F-Statistic = 2.743***

Note: Coefficients are on top.

Note: Standard errors are below the coefficients, in parentheses.

* = $p < .10$, ** = $p < .05$, *** = $p < .01$

The two measures of freedom had a positive impact upon the prosecution of human trafficking, the protection of victims, and preventing the problem from occurring in the non-OECD countries. Countries with higher economic

freedom scored better on combatting the human trafficking problem, as did countries with higher scores on Freedom House's measure of civil liberties and political rights.

None of the Human Development Index factors (gross domestic product, life expectancy, or literacy indices) had much of an impact upon human trafficking scores. Data from the Failed State Index that deal with conflict (external intervention, security apparatus), economic inequality (poverty and decline, uneven development) or refugees do not play a role in affecting human trafficking. The scores from the corruption perception index also do not have much of an impact on the dependent variable for human trafficking.

5. Conclusion

There are several lessons that can be learned from this preliminary analysis of human trafficking. First, political freedom and economic freedom are both helpful at limiting the presence of human trafficking among developing countries. At the same time, the other independent variables have little impact on the non-OECD community. Results from F-statistic show that these freedom variables in the model are having some impact upon human trafficking, even if the controls do not matter as much for combatting human trafficking.

Studies like this cross-section analysis for 2009 data represent a first step, but an important one. We know the key role that freedom plays. With improved tests, we may yet discover what other factors contributes to improved prosecution, better prevention, and enhanced protection of human trafficking.

References

- A Horrible Business: The Modern Slave Trade Is Thriving. 2008. *The Economist*. June 14.
- Bales, K. 2007. Defining and Measuring Modern Slavery. *Free The Slaves*. Washington, DC. Available at <http://www.freetheslaves.net/Document.Doc?id=21>.
- Boettke, P. J. and D. J. D'Amico. 2010. Corridors, Coordination and Discovery. *Journal of Private Enterprise* 25, no. 2: 87-96.
- Campbell, N. D. and T. J. Snyder. 2012. Economic Growth, Economic Freedom, and the Resource Curse. *Journal of Private Enterprise* 28, no. 1: 23-46.
- Cho, S., A. Dreher, and E. Neumayer. 2011. The Spread of Anti-Trafficking Policies – Evidence from a New Index. Cege Discussion Paper Series No. 119, Georg August University of Goettingen, Germany. Available at <http://www.uni-goettingen.de/en/anti-trafficking-policy-index/204468.html>.
- Davidson, J. O. 2006. Will the Real Sex Slave Please Stand Up? *Feminist Review* 83: 4-22.
- Davidson, J. O. 2008. Trafficking, Modern Slavery and the Human Security Agenda. *Human Security Journal* 6, Spring: 8-15.
- Davidson, J. O. 2010. New Slavery, Old Binaries: Human Trafficking and the Borders of "Freedom." *Global Networks* 10, no. 2: 244-261.
- Feingold, D. A. 2005. Think Again: Human Trafficking. *Foreign Policy*, August/October:26-30.
- Fetini, A. 2009. Human Trafficking Rises in Recession. *TIME*, June 18.
- Freedom House. 2009. Freedom in the World, 2009. Available at http://www.freedomhouse.org/template.cfm?page=351&ana_page=352&year=2009.
- Free The World, 2009. Economic Freedom of the World Dataset. Fraser Institute. Available at <http://www.freetheworld.com/2009/reports/world/EFWdataset2009.xlsx>.
- Gwartney, J. D. and R. A. Lawson, with J. C. Hall, H. Grubel, J. de Haan, J. Strum, and E. Zandberg. 2009. *Economic Freedom of the World: 2009 Annual Report*. Economic Freedom Network, Fraser Institute. Available at http://www.freetheworld.com/2009/reports/world/EFW2009_ch1.pdf.
- Heller, L. R., R. A. Lawson, and C. R. Williamson. 2014. Economic Freedom and Human Trafficking. Paper presented at the Association for Private Enterprise Education, Las Vegas, Nevada, April.13-15
- Klein, D. B., and J. Briggeman. 2010. Israel Kirzner on Coordination and Discovery. *Journal of Private Enterprise*, 28, no. 1: 1-53.
- Llosa, A. V. 2002. Latin American Liberalism: A Mirage? *The Independent Review* 6, no. 3:325-343.
- Mehar, A. 2010. Nexus of Economic Freedom, Migration and Trade Enhancement: Role of Cultural Similarities. Paper presented at the Economic Freedom Network Asia Conference, Jakarta, Indonesia. October 8.
- Merriman, J. S. 2012. Holy Matrimony Plus Shipping And Handling: A Libertarian Perspective on the Mail-Order Bride Industry. *The Independent Review* 17, no. 1: 81-93.
- Messner, J.J. and N. Haken. 2011. Failed State Index." *Foreign Policy Magazine*. The Fund for Peace. Available at <http://www.fundforpeace.org/global/?q=program-fsi>.
- Messner, J.J. and N. Haken. 2011. Failed State Index Data. *Foreign Policy Magazine*. The Fund for Peace. 2011. Available at <http://www.fundforpeace.org/global/?q=fsi-grid2009>.

- O'Brien, R. M. 2007. A Caution Regarding Rules of Thumb for Variance Inflation Factors/ *Quality and Quantity* 41, no. 5: 673-690.
- Palmer, T. G. 2010. Freeing Trade in Services. Paper presented at the Economic Freedom Network Asia Conference, Jakarta, Indonesia. October 8.
- Transparency International. 2011. About us. Brussels, Belgium. Available at http://www.transparency.org/about_us.
- Transparency International. 2009. Corruption Perceptions Index. Available at http://www.transparency.org/policy_research/surveys_indices/cpi.
- Tures, J. A. 2006. Are We Taking Certain Liberties By Assuming A Relationship Between Economic And Political Freedom? *Journal of Private Enterprise* 23, no. 1: 22-36.
- United Nations Office on Drugs and Crime. 2000. United Nations Convention against Transnational Organized Crime and the Protocols Thereto. Adopted by the United Nations General Assembly, Palermo Italy, December.
- United Nations Development Program. 2009. Human Development Report, 2009. UNDP. Available at <http://www.undp.org/hdr2009.shtml>.
- U.S. Puts Nations on Notice for Trafficking. 2010. *U.S. News and World Report*, June 14.