

Vulnerability and Trafficking*

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Long Abstract

Human trafficking is a longstanding phenomenon that has gained renewed global attention in recent years. Governments, NGOs and international organizations have all contributed to the charting and formulation of counter-trafficking policy responses. In the U.S., the Victims of Trafficking and Violence Protection Act signed into law in 2000. In the European Union (EU), the Council Framework Decision of 2002 and the Council Directive of 2004 were enacted to specifically address Union-wide policies to combat trafficking. The United Nations (UN) Protocol to Prevent, Suppress and Punish Trafficking in Persons was adopted in 2000, and entered into force in 2003 as the Palermo Protocol. These initiatives aim, with varying degrees of operational details, at facilitating the prevention of trafficking worldwide; the protection of victims; the granting of legal immigration status to trafficked victims; and the prosecution of traffickers. However, the launch of these action-oriented policy prescriptions in the area of human trafficking have, so far outstripped rigorous economic analysis of the endogenous link between the adoption of counter-trafficking policies and the incidence of human trafficking between countries.

By using information for 187 countries based on the country-by-country narratives in the Trafficking in Persons Report (TIP) (US Department of State 2002 and 2010) and the Protection Project Country Report (2002), this paper explores the link between vulnerability on the part of trafficked persons and the incidence of trafficking between countries. Specifically, our data on the incidence of trafficking between countries is captured through a unique 187x187 international trafficking matrix. Each entry in the matrix is a binary variable “traffick_{hs}”. The unit of analysis here is a potential host (h) and source (s) *country pair*, and “traffick_{hs}” takes a value of “1” if trafficking from country *s* to country *h* has been

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reported and “0” otherwise. Vulnerability on the part of potential victims of trafficking is identified through economic, political and international legislative variables. Economic vulnerability is captured through GDP per-capita, the rate of undernourishment in the population, remittances as a percentage of GDP (a proxy for emigration rates), the size of the informal sector, female labor force participation, unemployment rate as well as credit market variables such as the interest rate gap and access to private credit. Political vulnerability is captured through the prevalence of internal and external conflict, the prevalence of internally displaced persons and refugees, political terror scale and human rights abuses as well as governance indicators such as various crime rates (related to homicide, rape and drugs) and the rule of law index. Lack of International legislations protecting victims of international trafficking is captured by whether a country is a signatory to the Palermo Protocol in 2003 – the main international instrument in the fight against transnational organized crime. In addition, we add measures of geographical distance, such as whether the countries share common borders or are part of a common region, as controls.

In this paper we employ a difference-in-difference estimation strategy to determine the impact of Palermo protocol adoption on the outcome measure, a host-source incidence in human trafficking. Our dependent variable, the incidence of trafficking between a host-source country match, is measured before and after the Palermo protocol entered into force in 2003 which allows us to distinguish the treatment and control groups, i.e., whether the host and source country or both have ratified the Palermo protocol or not. To account for differences in observable characteristics of the treatment and control groups and to address potential endogeneity concerns, we control for political, economic and governance vulnerability (elucidated above) of host and source countries directly in regression, and also through propensity score matching. Preliminary findings suggest that the incidence of trafficking in a host-source match is reduced if both countries adopt the Palermo Protocol. This result does not only hold with an unconditional difference-in-difference estimator, but also holds when including different covariates to control for addressing vulnerabilities to trafficking. If only one country of the host-source match adopts the Palermo protocol while the other country does not, we do not find a significant reduction in the incidence of human trafficking.