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Free Me Up!

How Economic Freedom and Globalization
Influences Human Trafficking in OECD
Countries

Master's thesis in Master of Science in Political Science

Supervisor: Indra de Soysa

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Sammendrag

Menneskehandel er i dag en av formene for organisert internasjonal kriminalitet som krever mest av forskere og myndigheter. Dytt- og dra-faktorene som påvirker menneskehandel er mange og komplekse, og preges av regionale og nasjonale forskjeller mellom land. Denne studien ser nærmere på OECD-land som destinasjoner for menneskehandel, og hvordan liberal økonomisk politikk og globalisering påvirker tallene for menneskehandel i disse landene.

Studien benytter seg av tidsseriedata fra 2009 til 2016 fra OECD-land med faktiske tall om antall ofre for menneskehandel som har blitt oppdaget. Tre modeller ble benyttet, som viste at mer økonomisk frihet, målt med Economic Freedom Index, gir en lavere rate av oppdagede ofre for menneskehandel. Samtidig viste de at økt globalisering gir økt rate for oppdagede ofre. Et viktig poeng er at det er usikkert hvorvidt dette betyr at faktiske tall for menneskehandel har blitt endret eller om det bare er en forskjell i hvor mange ofre som fanges opp. I tillegg er den tilgjengelige dataen mangelfull og man kan ikke vite hvor stor prosent av ofrene i et land som faktisk fanges opp. Dette betyr at tallene har blitt tolket med flere utgangspunkt. Selv om teori gir økt styrke til noen av tolkningene kan ikke fullstendige slutninger trekkes.

Konklusjonen tilsier at økonomisk frihet og globalisering bør inkluderes i flere studier om menneskehandel, og forskere bør studere regionale trender for menneskehandel for å ta hensyn til dataproblematikken på emnet og de regionale forskjellene som eksisterer.

Abstract

Human trafficking is today one of the forms of organized international crime that demands the most from researchers and governments. The push and pull factors that influence human trafficking are many and complex, and influenced by regional and national differences between countries. This study looks closer at OECD-countries as destinations for human trafficking, and how liberal economic policies and globalization influence the numbers for trafficking in these countries.

The study uses time-series cross-sectional data from 2009 to 2016 from OECD countries with actual numbers of detected victims of human trafficking. Three models are used, which showed that increased economic freedom, as measured by the Economic Freedom Index, give a lower rate of detected victims of human trafficking. At the same time, they showed that increasing globalization gives an increased rate of detected victims. An important point is that it is uncertain whether this means that the actual number of victims has changed or if the change is only due to how many victims are detected. Additionally, the available data is lacking, and one cannot know how big a percentage of victims in a country are actually detected. As a result of this, the numbers have been interpreted with several perspectives. Even though theory strengthens some of the interpretations absolute conclusions cannot be drawn.

The conclusion states that economic freedom and globalization ought to be included in more studies on human trafficking, and researchers ought to study regional trends on human trafficking in order to address the data problems on the subject and the existing regional differences.

Foreword

First and foremost, I would like to thank Indra de Soysa for his indispensable advice and guidance during the thesis writing process. His help has been invaluable to the process, from the first meeting up to those final read-throughs. Additional thanks are also given to other students, past and present, who have taken the time to read through this paper in order to provide feedback and comments. Finally, I would like to spare a moment to celebrate the victims of trafficking who have had the courage to speak out and make this paper possible through their bravery.

Table of Contents

FREE ME UP! HOW ECONOMIC FREEDOM AND GLOBALIZATION INFLUENCES HUMAN TRAFFICKING IN OECD COUNTRIES	I
SAMMENDRAG	II
ABSTRACT	III
FOREWORD	IV
1 INTRODUCTION.....	1
1.1 DEFINITIONS	2
1.2 ACTUALITY OF HUMAN TRAFFICKING STUDIES	3
1.2.1 <i>Journalistic/societal</i>	3
1.2.2 <i>Academic</i>	4
1.3 LAYOUT OF THE PAPER.....	4
2 LITERATURE REVIEW	6
2.0.1 <i>Exploitation types among victims, 2005-2016</i>	7
2.1 REGIONAL DIFFERENCES	7
2.2 GLOBALIZATION AND HUMAN TRAFFICKING	9
2.2.1 <i>Opportunity: Globalization enables human trafficking</i>	10
2.2.2 <i>Technological impact</i>	11
2.2.3 <i>Economic influences on human trafficking</i>	12
2.2.4 <i>Migration</i>	15
2.3 STATE SECURITY AND CONTROL.....	16
2.3.1 <i>Corruption</i>	16
2.3.2 <i>Legal framework</i>	17
2.4 RESEARCH DISAGREEMENTS AND ISSUES	19
2.5 HYPOTHESES	20
3 METHODOLOGY.....	22
3.1 DATA COMPILATION.....	22
3.1.1 <i>Collecting data</i>	22
3.1.2 <i>Types of datasets</i>	23
3.1.3 <i>Datasets on human trafficking</i>	24
3.1.4 <i>Choosing dataset</i>	25
3.1.5 <i>Coding the dependent variable</i>	26
3.2 INDEPENDENT VARIABLES.....	27
3.2.1 <i>Economic Freedom</i>	27
3.2.2 <i>Globalization</i>	28
3.3 CONTROL VARIABLES.....	29
3.3.1 <i>Democracy</i>	30
3.3.2 <i>GDP</i>	30
3.3.3 <i>Population and migrants</i>	31
3.3.4 <i>Adherence to international policy agreements against human trafficking</i>	31
3.3.5 <i>Prostitution legal status</i>	32
3.3.6 <i>International airports</i>	32
3.4 REGRESSION METHODOLOGY	33
4 DATA.....	34
4.1 UNDERSTANDING THE DEPENDENT VARIABLE.....	34
4.2 MODELS	35
4.3 RESULTS	35
4.3.1 <i>Table 1: Economic freedom and globalization effects on human trafficking</i>	36

4.3.2 Table 2: The disaggregated measures of economic freedom.....	37
4.3.3 Table 3: The disaggregated effects of globalization.....	39
4.3.4 General.....	40
4.3.5 Robust results	40
5 DISCUSSION.....	42
5.1 OVERALL IMPLICATIONS OF THE RESULTS	42
5.2 HYPOTHESIS COMPARISON	43
5.3 THEORY VERSUS EMPIRICAL EVIDENCE	44
6 CONCLUDING REMARKS.....	46
BIBLIOGRAPHY	47
APPENDIX	50
VARIABLE SUMMARY	50
SCHENGEN VERSUS NON-SCHENGEN COUNTRIES	50

1 Introduction

Human trafficking is the fastest growing international crime today, and the third most profitable international crime after drugs and arms trafficking (Danailova-Trainor & Belser, 2006; Hall, 2013; Mahmoud & Trebesch, 2010). It is world-encompassing, difficult to spot in action, and a major source of illicit income. Often referred to in media as modern-day slavery, human trafficking encompasses a vast amount of methods of exploitation. Anyone can be a victim, regardless of age and gender, and this includes children. All of this adds up to the fact that human trafficking needs to be studied, needs to be actively combatted, and needs to be a focal point for international political action. While data on human trafficking is lacking, this paper will attempt to address how increasing economic freedom and globalization in OECD countries impact human trafficking detection numbers.

There is a long history of exploitation of people for monetary gain worldwide. Slavery in some shape or form is dotted throughout history, from the Ancient Egyptians, to Vikings, to the transatlantic slave trade of the 17th and 18th centuries. In many ways, the framework surrounding human trafficking today is not widely different from historical slavery. The victims are often oppressed compared to the traffickers, whether the cause of that oppression is monetary, technological, or in some other way. Once a person is in a situation where they lose their independence, that balance is further tipped against them, which allows exploitation to occur and continue.

Victims of human trafficking are exploited in numerous ways, which adds another layer of complexity to the prevention and detection of human trafficking. The method of exploitation most people, regardless of their level of knowledge of human trafficking, knows about, is sex trafficking. However, recent numbers and estimates suggest that forced sex work accounts for less of the human trafficking exploitation than media and common opinion suggest. In fact, forced labor has in recent years been pointed out as a bigger problem with more victims worldwide. While these two forms of exploitation are the most common, they are not the only ways that people can be exploited. Other forms of exploitation include bonded labor, forced marriages, and even forced organ removal. While certain forms of exploitation are more common in some regions, they all occur on a global scale to some extent (Shelley, 2010).

It is notable that most victims of trafficking are moved within a relatively short distance. For example, in recent years a majority of detected victims in Western Europe have come from Central and Eastern European countries such as Romania or Serbia, and fewer victims now come from Asian or African nations. While victims can come from further afield, as evidenced by the large number of victims in Western Europe who are originally from Nigeria, recent reports indicate that more victims than before are trafficked within a smaller geographic area.

1.1 Definitions

Human trafficking is defined by the United Nations as:

the recruitment, transportation, transfer, harbouring 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 (UNODC, 2004, p. 42).

According to this definition, human trafficking begins at the recruitment level, and lasts until a person is able to get out of the exploitative situation. Thus, a person who manages to escape during the transportation period is just as much a victim of trafficking as a person who ended up being exploited for years in multiple countries. This definition has also been crucial in the implementation of the Palermo Papers, which provide guidelines for policies that countries can implement in order to fight against human trafficking operations.

Human trafficking includes any form of exploitation of another human being, including but not limited to sexual exploitation, labor exploitation, forced marriage, and debt bondage (Davidson, 2010). The purpose of human trafficking is for the traffickers to earn an income based on the services of a controlled victim, and their methods of getting an income thus vary depending on the economy and culture they operate within. Therefore, countries with a large discrepancy between the amount of male and female populations will have more of a demand for forced marriages than countries where there is more of an even population. Other countries might have a shortage of legal labor forces, which then leads to a higher degree of victims being exploited in labor (Shelley, 2010). These considerations are a significant aspect of trafficking operations and result in the massive regional discrepancies that researchers and NGOs have uncovered.

When researchers discuss human trafficking, three terms are central: origin, transit, and destination. These refer to the countries involved in any given human trafficking operation. The origin country is the country where the victim was recruited. Typically, these countries have weaker economies, fewer job opportunities, and other problems that create a difficult environment for portions of the population (Shelley, 2010). A transit country is a temporary holding country for the victim. This might be a country that they can travel to fairly easily or where the trafficker has contacts that can create false paperwork that can be used to transport the victim to their final destination. The destination country is the (typically) wealthier country where victims are exploited. A country can be categorized as all of these, as seen with countries such as Serbia and Romania, but usually countries fit into one or two categories the majority of the time.

1.2 Actuality of human trafficking studies

1.2.1 Journalistic/societal

Human trafficking has been on the rise since the end of the Cold War. The change in the economic systems of Eastern Europe lead to poverty and the opportunity to travel abroad for work for many people. Human traffickers took advantage of the aggravated situation and established themselves in former USSR states and satellite states. The rise of human trafficking has since continued, and only became an issue that states prioritized once the ramifications became more obvious. It is estimated as the fastest growing international crime today, which means that it has massive social and economic ramifications. Human trafficking is a global problem that affects wealthy and developing countries alike, though in different ways. Wealthier countries tend to be popular destination countries and the illicit activities are detrimental to their economy. Developing countries who are often origin countries, on the other hand, lose parts of their potential work force and thus damages their economic growth. This means that it has never been more important for governments, human rights activists, and other interest groups to tackle this ever-increasing problem.

Many Western countries were unconcerned with human trafficking until the negative economic effects of human trafficking became known to them. Once governments became aware of the fact that human traffickers were earning vast sums of money illegally and taking that revenue out of the host country, governments became more aware of the problem. Despite increased international focus on human trafficking, the number of victims continues

to increase. A consequence is that trafficking continues to be a lucrative crime and entices more people to become involved in trafficking, and governments have so far been unable to cope with the issue.

1.2.2 Academic

Human trafficking has only become a topic of interest for researchers in the past twenty years (Wheaton, Schauer, & Galli, 2010). Unfortunately, the research has been hampered by the overreliance on one dataset, where OECD countries are overrepresented in comparison to other countries. Despite this, researchers have insisted upon primarily using global datasets. This means that many studies have caused generalized results which may not be accurate for all countries. This study, on the other hand, has a narrower focus which should identify specific variables that influence OECD countries' status as destination countries for human trafficking. A potential result of such a study can either be strengthening of existing theory or theory can be weakened for the countries included in this particular sample.

The aim of this paper is to showcase the influence of increased globalization and economic freedom on human trafficking and provide alternative explanations other than the generic acceptance that wealthier countries have more victims of trafficking than less developed countries. Strengthening of the economy and increased cooperation between countries have been touted as significant for policy for decades. As a result of that, it is expected that both globalization and economic freedom will have an impact on human trafficking numbers. However, because human trafficking studies remain a relatively small field of study little research has been done using this perspective.

1.3 Layout of the paper

This paper consists of three main parts. First, an introduction to previous human trafficking research as well as a discussion on how data on human trafficking has been collected over the years and which problems can occur during the data collection process. Additional remarks will be made on how to address this problem and what considerations must be made when analyzing models on human trafficking based on the knowledge we have about the validity of the data. The second part is a discussion of the methodology used for this study. This includes a discussion of the current available datasets on human trafficking, their benefits and flaws, and finally the decision to create a smaller but more accurate dataset on human trafficking

victim detection in OECD countries over the past eight years for this paper. In addition to this discussion, the paper will also discuss the independent and control variables and their operationalization. The third part of the paper presents three models on human trafficking as impacted by economic freedom and globalization and discusses what the results indicate. In part four the results are compared against the existing theory as laid out in the literature review and compared to the hypotheses put forth in that chapter. It also discusses any problems with the models, including serial correlation and the question of validity, amongst other methodological and analytical issues. The results will be put into the context of increased human trafficking, increased detection without increased trafficking, and a combination of the two. Ultimately, this paper will showcase how human trafficking into OECD countries is positively influenced by globalization, and how increased economic freedom leads to fewer human trafficking victims being detected.

2 Literature Review

Human trafficking research has seen a dramatic increase over the past decade, as more policy-makers and media have become aware of the problem and have sought out explanations for the continued growth of human trafficking as an international crime. Because human trafficking operates in the dark, many facets of trafficking are still a mystery. As a result, research topics range from the effectiveness of laws and regulations, to market-forces and its impact on illicit labor and sex work, to globalization and technology and how they facilitate trafficking. Despite this, however, there are few concrete conclusions on human trafficking, primarily due to issues concerning data collection and validity.

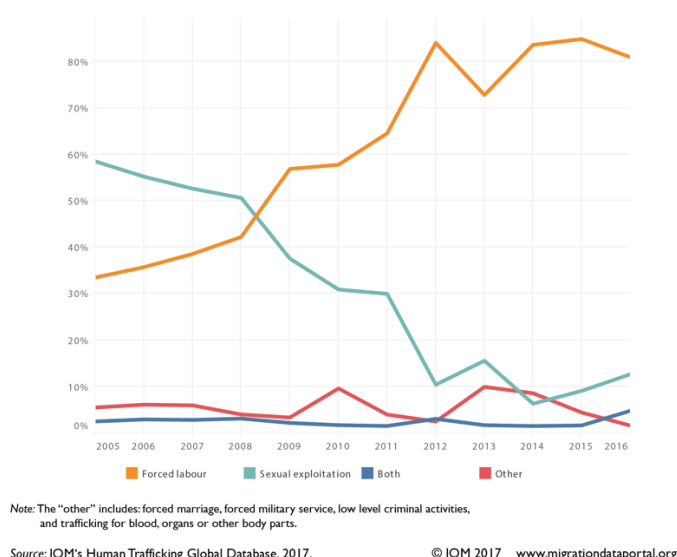
Research and media coverage on human trafficking have had a tendency to be almost exclusively focused on women who are exploited sexually. This is a gross misstep, and recent research has attempted to remedy this by increasing their focus on the fact that sexual exploitation is not the only way for victims to be exploited (Chuang, 2006; Rao & Presenti, 2012; Shelley, 2010). Unfortunately, a lot of the research is still focused on sexual exploitation and what influences it. This has resulted in some of the data and previous research being biased and lacking data on other forms of exploitation of trafficking victims. In turn, this means that millions of victims globally are excluded from the human trafficking narrative, and their stories are not included in the material that policy-makers and researchers use to discuss human trafficking. In a worst-case scenario, this could result in governments failing to recognize a potential problem because the exploitation does not fulfill the criteria that have been put in place for identifying trafficking victims. This is especially in the case of labor exploitation, where victims might get some money to lower suspicions while still being exploited through methods including low pay, illegal working hours and no control of their papers.

Several researchers have pointed out that human traffickers are organized differently from many other intra-national crime organizations. While larger criminal groups are also involved in human trafficking, there are smaller groups and individuals who operate in human trafficking and use it as a point of entry into a life of crime (Aronowitz, Theuermann, & Tyurykanova, 2010). The main reason for this is that the risk of detection is low, and the rewards are extensive, since the “product,” i.e. the victim, can be reused. This sets human trafficking apart from other forms of transnational crime where the product is a one-off, such

as drugs and smuggling of otherwise legal products in larger quantities than is permitted. An additional safeguard for many traffickers is that convictions are rare. Part of this is due to the fact that the police depend on victims coming forward and telling the police about their traffickers. Police have pointed out the key reason why getting contact with victims is so complicated: most victims are being controlled by their captors in some manner (Aronowitz et al., 2010). Pair this with additional issues such as language barriers, cultural differences, and the fact that most victims of trafficking typically start out as illegal migrants, and it is no wonder that many victims are reluctant to go to the police for help.

2.0.1 Exploitation types among victims, 2005-2016

Exploitation types among identified victims of trafficking, 2005-2016



2.1 Regional differences

Before going further, it is worth to note that a major aspect of human trafficking are the regional differences which impact trafficking. Shelley (2010) identified numerous models of operation for human trafficking, varying from single-person operations to larger crime syndicates. These models are constantly evolving, and it has been suggested that as the international system evolves larger criminal organizations and networks are likely to be responsible for a larger percentage of human trafficking cases than previously (Liemt, 2004; Salt & Stein, 1997). It is unlikely that all of the regional differences will be completely eradicated, due to various cultural, social, and economic factors that tend to be heavily integrated into daily life. The main regional differences revolve around the organization and

operation of the trafficking groups, and how victims are controlled (Campana, 2016). These differences do not only impact the victims, but also how the police can and is able to respond to the challenge of trafficking. An overarching trend in research on the prosecution of traffickers is that there cannot be global strategies for combatting trafficking (Latonero, 2011; Shelley, 2010). The highest level of international cooperation needs to be regional, since the majority of victims tend to be trafficked within the same region. National strategies are a good supplement to those regional strategies to address any specific concerns.

The means of control is one of the most crucial aspects of trafficking. Traditionally the idea of violence and threat of violence have been thought of as the main control elements used by traffickers. This is still common within some regions, such as within Eastern European trafficking rings and with American pimps (Shelley, 2010). On the other hand, some traffickers use cultural and traditional forms of manipulation, as seen in the case of many Chinese victims or in Nigeria. Chinese and other Asian communities have a strong focus on honor, and this code of honor is used extensively to prevent victims from escaping or acting against their traffickers. Nigerian traffickers in particular use traditional superstitions of witchcraft to maintain control (Shelley, 2010). The different methods of maintaining control of victims poses additional challenges to law enforcement, as mental manipulation leaves no visible evidence on the body and victims might be unwilling to share the truth of their circumstances out of fear.

Regional trafficking operations also have different structures. For instance, Nigerian trafficking operations have had an increasing female prominence in recent years (Shelley, 2010). Nigerian women, many of them former victims of trafficking, increasingly function as madams at brothels or aid in the recruitment of new victims. Compare this to Eastern European or American trafficking operations where women play a much smaller role and are almost exclusively victims (Shelley, 2010). Such differences have been pointed out as an additional complication both to academic and law enforcement work. It is much harder to prevent a crime whose operation varies depending on the socioeconomic and cultural facets of a region or a country than a crime that is easier to identify and operates within a regular and identifiable pattern.

2.2 Globalization and human trafficking

Globalization concerns the systemic changes between and within states which impacts political, economic, and social facets of a state (Chuang, 2006). These changes can occur within a short amount of time, be hindered due to fraught political relationships between states, and can impact regions to different degrees. While globalization has always been a facet of how states interact and develop, historians and social scientists point out that the industrial revolution and later the technological developments of the late twentieth and early twenty-first centuries have pushed globalization forward to a much greater extent than previously experienced (Latonero, 2012). Though globalization is predominantly viewed as a force of good, helping bring people out of poverty and expanding trade between countries, researchers have pointed out some pitfalls of globalization.

One of the most important facets of globalization is that it presents increased opportunities for increased travel and migration (Aronowitz et al., 2010; Chuang, 2006; Shelley, 2010). The development of new technology makes travel cheaper and more accessible. Policies and agreements between countries changes dynamics, as evidenced by the European Union and Schengen agreement, which allows people to travel without documents. Economies are strengthened, thus allowing more people to live more affluent lifestyles and travel more easily. All of these are examples of how globalization leads to a more close-knit world. However, there might be a dark side to globalization which could have negative socioeconomic ramifications.

When considering the role of globalization in human trafficking, there is one overarching consideration to be made. It is widely agreed upon that human trafficking has greatly increased in the past three decades (Cho, Dreher, & Neumayer, 2013). However, it is a fact of human trafficking, as with all other organized crime, that there are significant dark figures (Kutnick, Belser, & Danailova-Trainor, 2007). Therefore, one needs to consider whether globalization aids the criminals who traffic victims, or if more globalized countries are better equipped at detecting victims, since the majority of the wealthiest and most globalized countries typically function as destination countries rather than origin countries. The biggest exception is the United States, which has a significant population of home-grown victims of trafficking. If the truth is that more globalized countries are better at detecting victims of trafficking, then globalization should eventually lead to trafficking becoming too high-cost for it to remain a viable crime. On the other hand, if globalization instead facilitates trafficking,

then human trafficking will remain a major international problem until governments are able to come up with cohesive strategies to combat the issue without compromising the benefits of globalization (Varese, 2012).

2.2.1 Opportunity: Globalization enables human trafficking

The most cynical way of looking at human trafficking reports and globalization is to view globalization as a creator of opportunity for human trafficking. This means that as countries become more globalized, facets of national and international society become more intertwined and creates legal loopholes and conditions that traffickers can take advantage of. In addition, a globalized world places people in a position where they are more capable of leaving their home country once their economic situation improves enough that they can put aside money in order to emigrate (Aronowitz et al., 2010; Cho et al., 2013; Danailova-Trainor & Belser, 2006). If the expectation is that increased globalization causes human trafficking because it alters the conditions for society, then it would be expected that countries with more globalization should be more likely to end up as destination countries compared to more closed-off countries with less integrated economies.

Globalization facilitates the exchange of goods, services, and people. The European Union exemplifies this, as permitting free transport across borders is fundamental to the EU. Because the purpose of globalization is to create similarities and build bridges that can be used for economic and political gains, it also facilitates international crime. This is the chief downside of increased international cooperation and must be combatted in other ways than limiting the influence of globalization. Eliminating the effects of globalization is not an option because the benefits of a more globalized world are too many for it to be an alternative to close borders and cease trading with other countries.

Some researchers have focused on how border control and intra-national agreements aid trafficking operations. The most common example of changing dynamics of border control is the European Union and Schengen border agreement. It allows people to travel across borders without travel documents, something that traffickers can exploit in order to limit costs and lower the risk of detection (Aronowitz et al., 2010). This suggests that a key element of how the European Union functions is causing significant human rights violations that go undiscovered by political leaders because the system limits their ability to register who enters the country. It is not surprising that a lack of border control makes the transport element of

trafficking operations easier to facilitate, enabling smaller organizations and individuals to get involved in the trafficking scheme.

A lack of border controls facilitates migration, both licit and illicit. Researchers have identified that the most popular routes used by migrants are also commonly used by traffickers, allowing them to blend together and make detection more difficult (Hall, 2013; Mahmoud & Trebesch, 2010; Salt & Stein, 1997). There are two main reasons for why this relationship exists. First, those pathways are established, meaning that traffickers do not have to spend time and energy on discovering easy ways to traverse the distance from origin to destination country. Second, a larger number of migrants from the home country allows traffickers to set up their organization more permanently within the destination country, thus saving costs.

Organizations and governments have seen this trend occur particularly in Western Europe over the past few years. A majority of the detected victims in Western European countries such as the Netherlands, Germany, and Norway were from Central and Eastern European countries, with Romania being one of the countries with the largest number of citizens exploited abroad (UNODC, 2016). The same is also the case in Asia, though it must be noted that there is a significant amount of internal trafficking from poorer to wealthier regions internally in addition to international trafficking (Aronowitz et al., 2010). International trafficking is often focused on because it is easier to identify victims.

2.2.2 Technological impact

New technological developments play a significant role in modern day slavery. The use of mobile technology and banking systems is a major aspect of modern trafficking schemes. This technology allows traffickers to hide their identities, and quickly exchange information within the network (Latonero, 2011, 2012). New technology allows traffickers to communicate with more ease both within the trafficking network and outward to potential clients. This was a major problem in the United States with websites including Craigslist and Backpage, who ended up having to take measures to remove the adult portion of their sites after it was discovered that illicit sex work, including the sale of minors for sex, was advertised on their sites (Latonero, 2011). Unfortunately, traffickers have moved much of their advertising to the Dark Web, which is unregulated and requires far more police resources in order to efficiently combat the major Dark Web sites. Another crucial technology

used by traffickers are burner phones that are unregistered to a person (Latonero, 2011). These burner phones allow traffickers to communicate with potential buyers without being identified as easily. Regulation is needed to limit the abuse of new technology, but such regulation might be hindered by bureaucracy and slow law-making processes and privacy protection laws.

Technology also allows for a victim to be in one country while the customer is in another. The sale of livestreamed child sex exploitation has become a focal point in media in recent times as online child pornography rings have been identified by task forces. This has become more of a recent problem as Internet access has increased around the globe. The expansion of globalization erases borders and presents easier opportunities for illicit crossing of borders, and the traffickers tend to stay ahead of police and government officials so to avoid detection (Latonero, 2012). Police and government officials might not be aware of trafficking methods until they have been used actively for a longer period of time, and by the time it is discovered the networks of traffickers are able to spread the information quickly enough that any raids or regulations do not make enough of a difference to their operations.

2.2.3 Economic influences on human trafficking

The economic side of globalization is a major point of discussion within human trafficking studies. When it comes to how economic globalization benefits traffickers, the main theory is that globalization creates winners and losers globally (Brewer, 2009; Shelley, 2010). The winners are the affluent countries, which are (often) Western, while the losers are countries that struggle with poverty and low economic growth, often coupled with additional issues that exaggerate the problems. According to this theory, as the losers become more aware of the unequal distribution of wealth, they become dissatisfied with their lives and are more likely to seek out better employment and living conditions, which traffickers can then take advantage of. The idea is that since globalization, particularly economic globalization, affects people differently there will be increasing frustration among the poorer populations of the world (Cederman, Weidmann, & Bormann, 2015). These people will want to go to one of the richer countries in an effort to earn more money to support themselves and their families (Shelley, 2010). It is at this point that victims become more vulnerable if they cannot emigrate without outside help. Seeking outside help becomes necessary. If they are unlucky, the people smuggler they paid might end up exploiting them after arrival in the destination country because they know that the person is vulnerable.

Economically strong countries tend to be more attractive to migrants, regardless of whether they enter the country legally or illegally. In many cases, work that national citizens are unwilling to have will pay better than decent jobs in the home country of migrants. The jobs they end up working are often jobs that researchers label as the three D's: dangerous, dirty, and difficult (Aronowitz et al., 2010). When there is such an economic disparity between countries, people become more willing to take a lower position in a foreign country because the pay will still be significantly better than prior to emigrating. Once an economically strong country has become a popular destination for migrants from a country, other people from that country are incentivized and encouraged to leave for that same country (Mahmoud & Trebesch, 2010). This means that people who would otherwise be able to contribute to their country's growth are instead participating in the work force of a wealthy nation, thus contributing to the expanding wealth gap between countries.

There are three main arguments that need to be considered when dealing with a globalized world and how it relates to human trafficking. The first is that victims are not the poorest or the wealthiest people of the world (Rao & Presenti, 2012). Researchers argue that because victims pay for a smuggler to transport them across borders, those who can barely afford food would be unable to set aside enough money to afford those fees. This means that those who are the most deprived do not have the opportunity to leave for a wealthier country. The most affluent countries in the world are on the opposite side. Because of their socioeconomic position and status, they do not require the services of a smuggler and are less vulnerable to exploitation. This relationship can best be described as an inverted U-shape, with those in the middle most likely to end up as victims of human trafficking (Rao & Presenti, 2012). However, this does not address the fact that victims who are kidnapped or threatened with violence to follow the trafficker can be trafficked regardless of their economic or social position. These victims might exist outside of the norm, but researchers and governments ought to still be aware of them.

The second economic theory concerns the notion of relative deprivation (Liemt, 2004). According to this theory, a person is far likelier to end up as a victim of human trafficking if their economic situation is lesser compared to other people who are otherwise in a relatively similar position. In that case, the reality of their economic situation drives them to contact smugglers, even if their economic situation does not necessarily justify taking such an action.

At the same time, someone else could have a lower income and worse living standards without wanting to leave as long as those around them share the same economic situation. Finally, there is a general agreement that wealthier and more globalized countries are more likely to become destination countries. Poorer countries, on the other hand, are more likely to be origin countries (Rao & Presenti, 2012). Especially transitional countries are high-origin countries, because they are less stable (Aronowitz, 2001; Rao & Presenti, 2012). However, this relationship is relative. Many victims are trafficked to neighboring countries which still might not be the wealthiest on the globe but are relatively affluent compared to the origin country. Those more local destination countries might also have other facets that make them more popular, such as heavy tourism or a much higher demand for illicit services.

Countries with market economies function on the concept of free trade across borders in an effort to meet demands at as low a cost as possible. In a free market economy, the government has limited influence and does not intervene in the economic sector (Heller, Lawson, Murphy, & Williamson, 2016). This means that the market has to regulate itself. If it fails to do so, exploitation becomes far likelier, since they can provide services at lower costs and outside of the legal framework if they act discreetly. A lack of government intervention and oversight makes it easier for traffickers to continue their exploitation without fear of getting caught. Thus, less regulation may allow an illicit practice to thrive.

Economically free countries reduce costs of production and service, which in turn lowers the costs of smuggling and trafficking (Andreas, 2011; Heller et al., 2016). In a more closed economy, production is more expensive, and products and services cost more because of the lack of competition. In a free economy, it is easier to gain access to the market without needing to take major steps to gain a foothold in said economy. As a result of this, traffickers might be incentivized to traffic victims into freer economies in order to bypass restrictions and gain a foothold in an economy with more purchasing power. However, there are more legal options to meet labor demands in freer economies (Heller et al., 2016). That could have the effect of lessening the dependability on trafficked victims for labor.

There are some who believe that while globalization may have an unbalanced effect on the world economy, everyone benefits to some extent. According to researchers who support this thought, globalization should eventually create a global society where poverty has essentially been eradicated, thus removing the need for people to migrate (Butkiewicz & Yanikkaya,

2008; Noguera & Siscart, 2005). Globalization should produce only winners and should limit the pool of potential victims as time goes on. They argue further that the reason why trafficking still exists is that globalization has not been a major factor for long enough for these long-term effects to become apparent. If that is the case, then an increased amount of globalization in a country should see the number of victims of trafficking decrease over time.

Regardless of which perspective a researcher uses when studying human trafficking, the truth is that human trafficking is a demand-driven crime. If there is zero demand for cheap services from human trafficking victims, then trafficking cannot occur in that market. Wealthier countries with more open borders and economies often have at least a partial market economy, with a shared public and private market economy (Heller et al., 2016). A key factor in a market economy is competition, and the demand for low prices benefits traffickers, especially those who focus more on labor exploitation or sexual services in countries where prostitution is legal (Aronowitz et al., 2010; Shelley, 2010). An economy with less wealth will naturally have less demand for non-essentials such as restaurant visits, contractors, and sex work. Traffickers thus need to exploit their victims in countries where there is a greater demand, either from the national population or tourists.

The supply-demand chain is crucial for human trafficking (Andreas, 2011; Aronowitz et al., 2010; Cho, 2016; Hall, 2013; Raymond, 2004). It is comprised of one simple idea: human trafficking exists because there is a demand for services where legal supplies do not meet the demand. The theory mostly relates to the relationship between rich and poor societies. In a wealthier country, citizens are less likely to want to engage in work that encompasses the three D's: dirty, dangerous, and difficult (Aronowitz et al., 2010). However, there is still a demand for people to fill those roles, preferably at as low a cost as possible. Once human traffickers establish themselves as providers for those demands, legitimate business might experience a drop-off as their prices are not met. Capitalism aids human traffickers as long as the traffickers manage to either continue moving or keep their operations from appearing as anything other than legitimate.

2.2.4 Migration

Migrants and victims of trafficking are intrinsically linked, as mentioned above. First of all, researchers have theorized and empirically proven that if a country has a large population of migrants from one country, they are also likely to have a sizable number of victims of

trafficking from the same country (Mahmoud & Trebesch, 2010). Part of this is due to the very nature of human trafficking. People do not start out as victims of trafficking, but rather become victims because they trust the wrong people to help them migrate (Salt & Stein, 1997). Theoretically, law enforcement and organizations should have little issue with differentiating between illegal migrants and victims of trafficking, but in reality, the two are often similar enough that it is close to impossible to tell them apart (Aronowitz, 2001). This is another challenge for researchers and governments, since the response to illegal migrants tends to be drastically different from the response to victims of human trafficking.

2.3 State security and control

An argument can be made that the reason why the United Nations and other organization see an increase in human trafficking is not because there necessarily is more trafficking today than before, but because states are getting better at detecting trafficking. If this is the case, then that suggests that globalization has led to better communication between and within states. This would in turn enable countries to share information that can lead to finding victims and arresting the perpetrators. Globalization may then be crucial for police and law enforcement agencies to prevent human trafficking. While that does not negate the fact that highly globalized countries might still be desired destination countries, if one assumed that the percentage rate of detected victims is equal globally it might exaggerate the extent of human trafficking within wealthier and more globalized countries.

The state's sovereignty is deeply important when it relates to state security. Crime as a result of a lack of state security reflects poorly on state sovereignty and its ability to protect itself, particularly in extreme cases. The state needs to be able to use a variety of tools and policies to deter from crime and bolster legal activities, especially when the crimes are monetarily motivated.

2.3.1 Corruption

An element of trafficking research relating back to laws and regulations is the role of corruption. This is one of the facets of human trafficking with the most support among researchers, both theoretically and empirically. The consensus is that countries with higher amounts of corruption experience more trafficking as paying off government officials limits risks associated with particularly the transportation part of trafficking (Das, DiRienzo, &

Lanier, 2016). This consensus is backed by the United Nations, which points out that corrupt law enforcement agents may help with the recruitment, transport, and exploitation of human trafficking victims (UNODC, 2018). Corruption is also typically linked to countries with more inequality and weaker states, and the literature points to this as a significant contributing relationship that needs to be addressed.

The academic consensus is that corruption limits risks for traffickers, and the transportation of victims is simplified (Das et al., 2016; Shelley, 2010). Researchers suggest that countries that experience more corruption have an increased likelihood of experiencing more human trafficking than similar countries with less corruption (Aronowitz et al., 2010; Cho, 2016; Das et al., 2016). However, there is an agreement that this effect is greater if the destination country also has a strong economy, since trafficking is primarily an economic criminal activity (Das et al., 2016). On the other hand, economically free and heavily globalized countries tend to have institutions in place that minimizes corruption. They might detect corruption more easily, have more economic oversight, and be better at following up any suspicions of corruption. By limiting corruption, it becomes harder for traffickers to operate without detection, which would make it easier for law enforcement to detect the illicit activities.

2.3.2 Legal framework

The concept of demand driving human trafficking can be linked back to legislations surrounding prostitution. When policies legalizing prostitution were introduced, their intent was to create safe conditions for sex work and to meet the demand from male customers under circumstances that would protect the sex workers from violence and health risks (Day, 2010; Raymond, 2004). Empirical evidence suggest that legalization increases the demand for sexual services. When the purchase of sexual services is illegal, most potential customers do not utilize sex workers out of a desire to avoid legal ramifications (Cho, 2016; Cho et al., 2013; Raymond, 2004). When the purchase is made legal, more people are willing to seek out prostitutes. Thus, the problem of a lack of supply remains present and leads to more victims of trafficking being transported into the country to work in the sex industry.

One interesting argument on legalizing prostitution is that legalization protects the male customers, not the women employed in the sex industry (Raymond, 2004). Raymond is highly supportive of the Swedish model, which criminalizes the purchasing of sexual services but not

the sale. She is similarly critical of legalization such as in the Netherlands, pointing out that most native Dutch women are unwilling to participate in sex work and the demand ends up being met by migrants, legal or otherwise (Raymond, 2004). On the other hand, there is a counter-argument that the legal status of prostitution is non-essential to the extent of human trafficking in a country (Danailova-Trainor & Belser, 2006). This argument is that other pull and push factors are more crucial contributors to the presence of human trafficking in a country resulting in the legal status of prostitution being inconsequential. Regardless of legalization, they argue, some countries will experience sex trafficking no matter what because the other contributing factors are more important.

Researchers who focus on the prevention of human trafficking tend to focus on laws and regulation within individual countries. This form of research is predominantly focused on laws concerning prostitution, despite the fact that estimates suggest that labor exploitation is a more pressing issue (Chuang, 2006). It is a grave misstep that this research has become so synonymous with sexual exploitation. However, the positive side-effect of this focus on sexual exploitation of human trafficking victims has been that researchers have found significant indications that suggest a distinct link between legalization of prostitution and increased trafficking for sexual exploitation purposes (Cho, 2016; Cho et al., 2013). This argument is based on findings that link legalized prostitution and an increased demand in the sex industry, and in order to compensate for the lack of national-born women willing to engage in prostitution women are trafficked into the country to participate in the industry (Shelley, 2010). While legalization of prostitution has some positive sides, findings such as those presented by Cho et al (2013) suggest that legalization may also lead to significant human rights violations. If those findings are true, then that suggests that governments need to evaluate the status of their own policies in order to ensure that the regulation of the industry functions as intended.

While most of the laws and regulations focused on in the literature concerns victims of sexual exploitation, there are also significant problems concerning forced labor. Women forced to work in the domestic sector are particularly vulnerable, often depending on their employers more than people in other sectors would (Anderson & Davidson, 2003). Migrant women, some of whom may be victims of trafficking, are seen as more reliable, flexible, and easier to deal with compared to the ethnic population of a country (Anderson & Davidson, 2003). If the laws do not strictly regulate their rights to time off, payment, and benefits, those women are

also much more likely to be taken advantage of. Unfortunately, sometimes regulations do not sufficiently quell the problem. It is not uncommon for migrants to be hired off the books so that companies or employees can avoid paying taxes or save on costs relating to safety procedures. If such practices are viewed as socially acceptable, then forced labor is likely to continue to grow in scope in order to meet demands for cheaper labor even in countries with strong economies (Aronowitz et al., 2010).

It is suggested that among the many benefits of a stable and strong country is that the police work more efficiently, and victims are more likely to see justice if they report their traffickers (Andreas, 2011; Das et al., 2016). A stable government should be built up around long-lasting institutions and frameworks which allow for peace, growth, and better rule of law. In such circumstances, there should be facets of the society that work together to prevent and prosecute traffickers who enter the country.

An argument can be made that state strength does not deter traffickers to any particular extent since it is well-known that trafficking is present globally. Traffickers might still be willing to risk entering countries with strong policies against human trafficking if they decide that the risk is low enough, i.e. that they are unlikely to be discovered and the route they use is easy to navigate. However, a more stable state is likely to have better institutions and rule of law, resulting in less corruption, better capacity for implementing policies to prevent human trafficking and better procedures in place to protect victims of human trafficking once detected.

2.4 Research disagreements and issues

Overall, scholars agree that trafficking in its modern form is almost impossible to research with perfect accuracy. The most pressing issue is the unreliability of the data available. Official numbers are generally agreed upon as lacking, particularly in countries with weaker states and more restrictions on free speech and judicial rights (Kutnick et al., 2007). More developed countries are overrepresented in statistics, which means that there is an extra level of uncertainty to any statistical analysis done. Estimation data have been presented as an alternative due to the high number of unknowns when dealing with human trafficking. However these forms of data are also criticized because the techniques employed for estimation might not always be the most accurate and the methodology might be lacking

(Guth, Anderson, Kinnard, & Tran, 2014). Researchers argue that as of right now, there is no perfect dataset for human trafficking measurement, which means that any quantitative research on human trafficking is imperfect and might be inaccurate.

Researchers today rely almost exclusively on data comprised of reported events. Their theories, similarly, are shaped by the idea that some countries make more attractive countries to operate in. This paper presents a counter-argument to this perception: the OECD countries that have more reported cases are not the countries with the highest number of victims but are instead places where police are capable of detecting trafficking. It argues that the datasets employed by quantitative researchers today creates a bias toward countries with more transparency since they are more likely to have better procedures for detecting human trafficking victims. Researchers must take that into a stronger consideration when analyzing models on human trafficking.

Another major problem with human trafficking research today is the reliance on global data, rather than regional studies. By almost exclusively conducting global studies, despite the data problems that are well-documented and widely agreed upon, researchers are placing themselves in a position where conclusions made about the study are potentially wrong in certain regions. The field would benefit from having studies contained within regions to better understand what impacts human trafficking globally and regionally.

2.5 Hypotheses

On the basis of theory and available data, two main hypotheses can be inferred. The first is that:

H1: A country with more economic freedom will have a lower rate of detected victims of human trafficking.

The second hypothesis is:

H2: A country that is more globalized will have a higher rate of detected victims of human trafficking.

The basis for both of these hypotheses is fairly simple. Economic freedom is a measure of how easy it is to establish a company as a competitor in the market. If a country has a high economic freedom score, then that means that the market is competitive. In such an economy,

foreign and illicit services will be less desirable because the prices will already be on the lower side and therefore be affordable. Globalization, on the other hand, is based around the idea of how easy it is for people and services to expand outside of the country's borders. More globalization should therefore make it easier to move around, and it will be easier for traffickers to move victims from one country to another. The interesting thing will be to see whether globalization or economic freedom has the biggest overall impact on human trafficking.

3 Methodology

3.1 Data compilation

Human trafficking studies suffer from one key problem: the reliability of the data.

Unfortunately, if the researchers use data that is incorrect or inadequate, the entire analysis will suffer as a result. Therefore, it is crucial that the data used is acknowledged as reliable, testable, and has a clear and replicable method for data collection. With human trafficking, there will likely never be a perfectly designed method for collecting data. This means that as of right now, there are multiple datasets all attempting to measure human trafficking accurately despite the difficulties, and they all have pros and cons to them. As such, this presents a challenge: how does a researcher determine which of these datasets provide the most accurate picture of human trafficking today?

There are a few considerations that need to be made when choosing a dataset to study. First, and most crucially, is the strength of each dataset. Namely, the amount of data it collects, how it has been collected and coded, and whether researchers consider it a valuable contribution to the field. Second, a researcher should be able to make a valid point for why this particular dataset is better than other options. This is especially important when using a dataset that is less commonly used than another option. If there is little to no distinction between the new dataset and the academic standard, then an argument must be presented to validate the inclusion. Third, the dataset needs to be able to measure what the researcher is actually concerned with, which in this case the number of victims detected in OECD countries.

3.1.1 Collecting data

There are two main methods of data collection for human trafficking datasets. The first is to use police reports, media, and interviews to collect data on actual events (Kutnick et al., 2007). Doing this assures that any information that is presented will be validated by other sources as correct. The main benefit of this is that researchers have specific information to use, and the base knowledge that those cases they have been informed about will not include all cases within a country. The downside, however, is that this form of data collection will likely lack many cases of human trafficking. Additionally, the data reporting may differ depending on the country. For instance, researchers will likely find that data for a small, stable, and western country such as Switzerland will be more accurate than data from countries with social, economic, and political issues such as South Sudan. Countries with

better established institutions and laws, with more centralization will by all accounts have more accurate reports than countries that have other issues relating to areas including government, health, and security.

The second method researchers can use to create datasets on human trafficking is to estimate based on existing numbers (Guth et al., 2014; Kutnick et al., 2007). Such datasets will ideally present a clearer picture of the extent of human trafficking. Those estimation datasets might also present a widely different image of human trafficking when compared to datasets exclusively built on official numbers. On the downside, these forms of datasets have been criticized, especially for their methodology (Guth et al., 2014). Many of these datasets have limited official numbers, especially for regions that experience political and societal complications. Many of the estimations are also based on one singular official suggestion, and with limited amount of consideration on potential variation (Guth et al., 2014). As a result, the datasets do not necessarily paint as accurate a picture as claimed. This has made researchers highly skeptical of their use in scientific research, at least until the methodology improves.

Both of these forms of data collection have their merits and their disadvantages. For now, researchers show a clear preference for using datasets based on event reports from countries as opposed to estimation data. There are a few reasons for this. First and foremost, the dataset most commonly used has become a mainstay of human trafficking research. It is widely acclaimed, the negative sides of the dataset have been pointed out in past research, and the use of the same dataset as other studies ensures that the findings are easily comparable without being debunked strictly due to the fact that another dataset was used. Unfortunately, many countries do not have sufficient reporting methods for a conclusion to be made on the status of trafficking in their country.

3.1.2 Types of datasets

When compiling data on human trafficking, it is easiest to gain information on trafficking destination countries, as opposed to origin countries. As a result of this, the reliable data is fairly exclusively data on trafficking destination countries. This data is easier to collect and requires less work to process and systemize. Some data has been collected on origin countries, often as a result of good police work in whatever country the victim was rescued from the trafficking situation. Unfortunately, origin country research is still lacking in accuracy and detail, making it unreliable and presenting a difficult challenge for studies at the moment. In

the future, however, it has the potential to be studied further if the nationality and origin country of the victims are registered. This would mean increased amounts of work for police and non-governmental organizations and it is unlikely to be a priority for most countries, in particular those who have other socioeconomic problems that they need to deal with simultaneously.

3.1.3 Datasets on human trafficking

Without a doubt, the most popular datasets on human trafficking are based on the official reports compiled by the United Nations Office on Drugs and Criminality (UNODC). While no official dataset exists made by the UN, many researchers have compiled the data into a variable going from 0 to 5, with 0 being no trafficking detected in the country and 5 being the highest amount of trafficking within a country. The UN releases new reports biannually, most recently in January 2019 for 2018, with the first launched in 2009 (MDP, 2019). Using those reports allows researchers to update any existing data they already have and thus have the capability to expand their studies to encompass further years.

The International Organization of Migrants (IOM) has also released data on human trafficking through the Counter-Trafficking Data Collective (CTDC). While the IOM has been mostly focused on migrants, human trafficking falls within that organization's interests because human trafficking often is classified as a sub-genre of illegal migration. Add in the fact that the line between illegal migrant and victim of trafficking sometimes is blurred, and it is logical that the IOM to compile statistics on human trafficking in addition to measuring migrant streams. The dataset contains information 2002 and upwards. Until 2017, the dataset was unavailable due to the sensitivity of the material. Per 2019, the dataset is available for download, but is anonymized and contains a smaller number of observations (roughly 45 000) compared to the non-published dataset (roughly 80 000) (MDP, 2019). This means that their data has been underused by researchers and is therefore less likely to be used in studies. In the future, there is hope that this data can be used more actively in research, especially for studies on victim profiles as a significant portion of their data is information concerning the type of exploitation and methods of control. A current downside of this dataset is that anonymization only occurs in countries with a higher number of victims. The result of this is that many OECD countries do not have any valid data, which presents a challenge to conducting regional studies such as this one.

The Global Slavery Index (GSI) is an index on human trafficking and modern slavery that is based primarily on multiple systems estimation (MDP, 2019). This method is based on multiple, independent, and partial lists of cases of human trafficking, and seeks to identify a rough estimate of the number of victims, both reported and unreported, in the world. The GSI was created by the International Labor Organization and the Walk Free Foundation and was released for the first time in 2013. At the time of publication its methodology was criticized, but the data can still be of interest, particularly to non-academics and to those interested in furthering the development of theory and data on human trafficking (Guth et al., 2014).

The main problem facing all these datasets is that the geographical scope is limited. Most will have good basis for their data in Western countries, but struggle with getting accurate information on victims in less developed countries with a weaker government. There are a few reasons for this, most crucially that victims have more rights and better legal protection in more developed countries. Other crucial reasons include a better police system, better organization, and a more transparent public system (Kutnick et al., 2007). This enables victim detection and data collection, which disproportionately affects wealthier countries that might see more victims. Another crucial problem, discussed above, are the methodological constraints and difficulties associated with human trafficking. Regardless of the method researchers use to collect data there will always be flaws with the methodology which cannot be properly addressed.

3.1.4 Choosing dataset

There are advantages and disadvantages to any datasets on human trafficking. Some will have disproportional accuracy on the scope of human trafficking, leading to the numbers in wealthier and more developed countries to appear comparatively high. Other datasets will use estimates whose methodology fails to make accurate estimations and thus makes any findings unreliable. Ultimately, any choice needs to be rationalized and these issues need to be addressed and pointed out, and their flaws need to be an element of the discussion. If those issues are not properly discussed and taken into account, then any results cannot be discussed and reflected upon accurately. This then leads to inaccuracies and potentially misleading conclusions.

The UNODC datasets are the most popular for a good reason. Nearly all countries are available, and with detailed reports dating back to 2009 there are enough years available to

identify trends and changes over time, which is crucial for detecting how changes in international society and policies impact human trafficking. Because it is based on police and NGO reports identified by the UN as credible sources, it has as much of a quality check as possible within the confines of human trafficking studies. This means that the data can be assumed to be decently accurate, as the information relies solely on verified instances of human trafficking.

A problem with using the UNODC data is that some researchers have used methods to create indexes without describing how those indexes have been created. Additionally, the UN has in the past years changed their ranking methodology, ranking countries according to a three-tier index where before countries were ranged from zero to five. For the purposes of this study, that will not give enough accuracy, and I have therefore created my own dataset based on the most recently reported number of detected victims within the OECD (UNODC, 2012, 2014, 2016, 2018).

3.1.5 Coding the dependent variable

For this paper, only OECD countries will be included. There are a few key reasons for this. Chief among them is that OECD countries have attributes that theoretically should lend themselves to better victim detection and protection. Member countries are held to certain standards, which means that they should be relatively similar in respect to rule of law, economic system, and social policies, to mention a few. Another key reason is that researchers have identified different patterns of trafficking worldwide. These patterns mean that the goal for the traffickers and facets of the destination country can be expected to differ. It can therefore be assumed that elements of destination countries will vary globally. By restricting the data sample to countries with similar economic and political systems it should provide insight into which theories are relevant for OECD countries.

The data runs from 2009 to 2016, with each country having a reported number of victims detected per year, with a few exceptions. France and Hungary are both missing victim data for 2013 in both UN reports from 2014 and 2016. Additionally, Turkey did not release the number of victims detected in 2016, and Iceland had no reported victims at all and has therefore been excluded. All other countries reported at least one detected victim of human trafficking in one year. In some cases, the numbers changed from one report to another, and in

those cases the victim count in the most recent report was included to accommodate for police investigations that had occurred between reports.

An important caveat to note is that these numbers do not catch the majority of the victims of human trafficking and cannot give an accurate measure of the scope of human trafficking in any of the countries. All NGOs, politicians, and researchers agree that the vast majority of victims go undetected by police. By using a limited selection of countries with similar economic and political situations, there is a hope that the percentage of victims who are detected of all those in the country will be fairly equal across the data. Unfortunately, it is not possible to verify whether that is the case, and that will for the purposes of analysis and estimation have to be an assumption. It is unlikely that researchers will ever be able to determine whether that estimate is true or not.

3.2 Independent variables

The aim of this paper is to look into how globalization and economic freedom impact human trafficking into a country. To do this, two separate variables are included to test how each individually impact human trafficking. It is expected that both of them will have an impact on human trafficking numbers, and because the two are highly correlated the two variables are not run in the same dataset.

3.2.1 Economic Freedom

Economic freedom indicates how free a country's economic policies are. If it is high, that means that there is more free trade and policies in place to help maintain that market freedom. A country with little economic freedom will have a more restrained economic system with less access to a competitive free market. Better economic freedom is also an indication of democracy, cleaner environment, and human development, to mention a few (Miller, Kim, & Roberts, 2019).

The Economic Freedom Index from the Fraser Institute is an index measuring a country's economic situation, and how open to the free market it is. It is devised from five main categories: small government, legal system and property rights, sound money, free trade, and regulation. Each category is scored from 0 to 10, and the combined economic freedom score is the average score of these five categories. None of the countries included in the sample had

a combined score lower than 6.6, indicating fairly high economic freedom for all included countries. This paper will look at how the combined economic freedom score influences human trafficking, and how the five separate components influence it in order to identify which aspects of liberal economic policy and governance have the biggest impact on human trafficking.

The five components of the economic freedom index measure different things. Small government refers to the extent to which countries rely on the political process to allocate resources, goods, and services. Legal system and property rights considers the steps a country takes to protect people and their rightfully acquired property. This includes rule of law, independent judiciary, and effective enforcement of the law. Sound money refers to money growth, inflation rates, and freedom to own foreign currency bank accounts. Free trade looks at what barriers against free trade a country operates within. Anything from tariffs to control of movement are detrimental to free trade scores. Regulation refers to credit market, labor market, and business regulations, as strict regulations restricts entry and participation in markets (Vásquez & Porcnik, 2018).

3.2.2 Globalization

Globalization has become a more crucial aspect of any studies that look at international trends in recent years, especially as communication technology and economic collaboration have made global interactions more accessible to a larger percentage of the global population. Research indicates that globalization can have major impact on international politics and economy, but there is some disagreement concerning the severity of its impact and which facets of globalization are the most crucial for international changes.

Measuring globalization has as a result of this trend become more important. The benchmark method to do this is to use the KOF Index, which tallies up the scope of political, economic, and social globalization into one combined globalization score. The index characterizes economic globalization as “long distance flows of goods, capital and services” along with information and perceptions that impact the market (Dreher, 2006, p. 1092). Political globalization is the diffusion of government policies. Meanwhile social globalization is the spread of ideas and culture (Dreher, 2006). The individual scores are created by analyzing various elements of a country, ultimately culminating in a score from 0 to 100, with a score of 100 being the highest amount of globalization.

Globalization can also be observed in these three separate components: economic, social, and political. Economic globalization refers increased international trade, fewer trade barriers, and easier flow of technology. It can be evidenced in everyday things such as where clothes are produced versus where they are sold, how technology brands such as Apple have spread worldwide, and how if the New York stock market crashes, stock markets around the globe do as well. Social globalization refers to the exchange of ideas and culture. If a country has a high degree of outward social globalization, meaning that ideas and culture with origins in that country expand out to others. The concept of social globalization can be compared to the concept of soft power. Their influence shapes other countries. Political globalization concerns the influence of politics and policy on other countries. Military alliances such as the North Atlantic Trade Organization (NATO) are a prime example of how political globalization can occur. Other alliances that requires sharing of policy, as seen in the European Union, are another example of political globalization. The spreading of democratic ideals is another facet of political globalization.

This paper will run statistical tests using both the combined KOF Index as well as with the three separated facets of globalization, in order to identify both the overall impact of globalization as well as to look into whether increased political, economic, or social globalization are particularly impactful on human trafficking numbers. If one form of globalization impacts human trafficking more than others, then that will bring more understanding to how international decision-making impacts human trafficking.

3.3 Control variables

Researchers have pointed out some crucial elements of a country as important for how likely it is to be a destination country. While it is not possible to control for all influences on human trafficking, due to the heightened likelihood of multicollinearity and other complications for the regression, this model will include a few of the most widely agreed upon factors. These are selected on the basis of two questions. First of all, have researchers looked into their importance in the past and found support for their inclusion? Second, is this likely to have an impact on my independent variables, therefore validating their inclusion?

3.3.1 Democracy

If it is true that democracies have institutions and facets of government that make it easier to detect and help victims, then a higher democratic score should lead to more detected victims. However, if the truth is that high democratic scores limit the scope of human trafficking, then a high score should lower the likelihood of human trafficking occurring in the country. To control for types of government, a variable is included from the Varieties of Democracy (V_Dems) dataset, which categorizes countries into separate categories depending on the type of government they have. In this dataset, the most common type of government is a liberal democracy, followed by electoral democracy. Turkey is noteworthy as being labeled as an electoral autocracy from 2014 to 2016, the only country in the sample to be labeled as such.

3.3.2 GDP

Researchers anticipate more human trafficking in wealthier countries, because their economies are better suited for illicit economies to flourish. Additionally, human trafficking is an economically driven crime, which would logically mean that a country with a higher GDP per capita will also have more victims of human trafficking. To measure how much impact a higher GDP per capita will have on human trafficking in an OECD country, information on GDP per capita from the World Bank is included.

An additional economic factor that can influence human trafficking prevalence is growth in GDP. If the GDP increases, that might lead to more human trafficking as the economy is able to sustain increased services. Similarly, if the economy decreases, that might lead to fewer victims of trafficking as traffickers opt out of that country, especially if that is a trend that lasts over a sustained time period.

The GDP per capita variable is log-transformed in order to create a less skewed distribution. By pulling in the outliers the distribution becomes more symmetrical and thus makes it easier to interpret the changes on the variable. Since the countries within the sample are all wealthy, it also makes the variable more centralized. If the variable were to remain un-transformed, then the variable would skew high. By log-transforming the variable, that uneven distribution becomes less prominent and thus it better fits the model requirements of linear regression.

3.3.3 Population and migrants

It is expected that a larger overall population will lead to a higher number of human trafficking victims in the country. To control for this an overall population variable is included to control for the fact that countries with smaller populations cannot contain as large a number of victims of human trafficking. This variable is log-transformed to avoid skewed samples.

A key idea concerning trafficking is that more migrants in a country equals more victims of trafficking and smuggling. This is based on the idea that it is to be expected that a country with an established network of migrants will influence others to travel to the country, and their presence in the country is not considered abnormal. These migrants will also use established routes of travel, which traffickers can use as well. This makes the transit period easier and thus makes certain destination countries more attractive to traffickers.

To measure this, this paper uses data within the time frame from the World Bank. The data measures migrant population as a percentage of the total population. There is only data available in 5-year increments, however, which means that the results may not be accurate for the entire time period. To combat the issue, the data has been interpolated to fill in missing estimates of migrant populations. The data is divided into five categories to hopefully avoid major discrepancies: Below 10 percent of the population, 11-20 percent, 21-30 percent, 31-40 percent, and above 40 percent. The data includes first- and second-generation migrants as part of the migration definition.

3.3.4 Adherence to international policy agreements against human trafficking

Countries have different responses to the complex crime of human trafficking, ranging from full compliance with the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Particularly Women and Children from 2000 to fewer steps being taken (Cho, 2015). This protocol outlined what steps member states should take in an effort to combat human trafficking within their country. The 3P Index, named for the three main policy dimensions of counter-trafficking activity, measures how well a country complies with the Protocol.

The three dimensions of policy are prevention, prosecution, and protection. Prevention policies are policies meant to make it more difficult to traffic people into the country.

Prosecution deals with the judicial aspect of counter-trafficking measures, such as how perpetrators are sentenced, if there are dedicated laws surrounding trafficking, and how well those laws are able to combat the issue on measures such as detecting trafficking. Finally, protection surveys how well a country protects a victim of trafficking after they've been able to escape the control of the trafficker. The 3P Index provides a total score of up to 15 for all countries, with 15 meaning full compliance on all three dimensions. Similarly, a score of 3 indicates no compliance on any level. A high score should indicate that victims of human trafficking are more likely to get help in that country. This should therefore in turn lead to a higher detection of victims as policies are in place to assist with this problem.

3.3.5 Prostitution legal status

Legalized prostitution has been shown in some research to also lead to an increase in human trafficking, particularly in cases dealing with sexual exploitation. The main argument for the inclusion of such a variable is that the increased demand for sexual services in countries where prostitution is legal leads to a lack of supply from willing nationals. In order to combat this issue, traffickers end up exploiting victims in seemingly legal brothels. To control for this, a binary variable on legalization is added, with 0 being an illegal status of prostitution or the purchase of sexual services, and 1 being legal. 0 will include countries where the sale of sexual services is permitted but the purchase of sexual services is still a punishable offence. Any country labeled as legal for prostitution also includes countries where regional laws determine the legal status of prostitution if it can be determined that at least one region has legalized prostitution. While countries do have nuances within their policies, this will create a rough divide that can be controlled for with relative ease.

3.3.6 International airports

Easy access into a country facilitates trafficking. While the travel methods used by traffickers vary, flights have become cheaper and is the most efficient mode of travel. Therefore, it is to be expected that at least a portion of those who are trafficked abroad are transported by airplane. It limits the amount of potential border controls, is quicker, and the traffickers free up resources quicker than if the travel takes several days as it would by road or train. While this does not address harbors, boats, buses or similar, it will address a key aspect of international travel today. Including a variable on the number of international airports in a country will function as a control for how accessible the country is. A higher number of

international airports should indicate that it is easier for traffickers to get access into the country, and therefore that the number of victims ought to be higher.

3.4 Regression methodology

This paper uses time-series cross-sectional data from 2002 until 2017 on the 33 current OECD member states whose trafficking data has been made available to the United Nations. The choice to include only these countries stems from two primary arguments. First of all, it is to be expected that the countries should have many similarities in areas such as politics and economy. Second of all, this eliminates countries with poor methods for data collection and leaves behind countries that research suggest have better data compared to other countries. Unfortunately, this model is limited in time due to a lack of reliable data for earlier years. Prior to 2002, the UNODC did not report victim detection numbers, but assigned a number from zero to five depending on the prevalence of human trafficking in that country. By using the number of victims in a year, the model will be more detailed and the information that is extrapolated from the data should provide more information.

The models are run as negative binomial regressions. Because the sample distribution is random and does not resemble the traditional curvilinear distribution that most variables would have, regular OLS regression can give faulty results. By using negative binomial regression the dependent variable, which is a count variable with over-dispersed count outcomes, can be correctly modelled (Hoffmann, 2016; UCLA, Undated). By doing this, the model is able to compensate for an uneven distribution of victim detection rates and create a regression model that can be used to predict how changes to the independent variables will impact the dependent variable. The coefficient of the negative binomial regression can be interpreted as an incident rate ratio (IRR) by obtaining the exponential of the coefficient. The IRR essentially is interpreted as the effect of the x variable in multiples, which can be captured in percentage terms.

4 Data

4.1 Understanding the dependent variable

The dependent variable used in this paper concerns detected victims of human trafficking in real numbers, changed into categories of victim numbers. This presents a challenge when it comes to how the data is understood and analyzed. One way of interpreting the results is to expect that the variation is the result of how well police and the justice system are able to detect victims of human trafficking. In that case, one would assume that two countries have the same number of victims, and any variation between the two is a result of detection rates and efficiency. Another way of interpreting the results would be to expect the percentage of victims detected in each country to be reasonably similar in all of the available data, and therefore view victims detected as a measure of the prevalence of human trafficking. If one assumes that ten percent of the total victims are discovered, then variation is the result of how many total victims there are. In this case, any variation would indicate a change in victim influx into a country.

The truth probably contains both interpretations, with some variables leaning more toward one or the other interpretation. Some countries are expected to have a higher number of victims, but there are also variations between countries that seems more random and might instead be a result of a higher detection rate. Researchers agree that certain countries are more likely to have higher numbers of victims of human trafficking (Aronowitz, 2001; Danailova-Trainor & Belser, 2006; Kutnick et al., 2007). Some of the countries within this study with the largest expected number of victims include the United States, the Netherlands, and Italy, which have higher migration populations, overall populations, and in the case of the Netherlands a notorious legalized sex industry. Other countries will have fewer victims but might have a judicial system that has systems in place to detect victims easier, thus bumping up their numbers.

This combination is diffuse, difficult to measure, and complicated. To address both sides of the argument, the results will be analyzed both with the assumption of a flat rate of victims and with the assumption of differences in victim prevalence. The majority of the control variables are linked to a particular argument, and that will be another significant part of the discussion and a way to distinguish which facets are most crucial.

4.2 Models

The first model below contains the combined effects of globalization and economic freedom, presented separately. It also contains the same models with two additional control variables, neither of which were included in the other two models because they were non-significant.

The second model expands upon the economic freedom variable, in order to address whether there are facets of economic freedom that influence human trafficking but are not significant in the combined variable. The five models are then used to identify what facets of economic freedom actually influence human trafficking. Finally, the third model expands the KOF index and looks into economic, political, and social globalization in order to see which form of globalization is most influential for human trafficking.

4.3 Results

Table 1: Economic freedom and globalization

	(1)	(2)	(3)	(4)
	Economic freedom	Globalization	Economic freedom	Globalization
Economic freedom	-0.71** (0.35)		-0.60 (0.38)	
KOF globalization		0.17*** (0.02)		0.17*** (0.02)
lnpop	0.57*** (0.11)	0.44*** (0.09)	0.53*** (0.12)	0.43*** (0.09)
lngdppc	0.89*** (0.20)	-0.23 (0.22)	0.81*** (0.19)	-0.25 (0.24)
Prostitution legal (1 yes)	0.27 (0.24)	0.25 (0.19)	0.26 (0.23)	0.30 (0.20)
Number of int. airports	0.01 (0.01)	0.03*** (0.01)	0.01 (0.01)	0.03*** (0.01)
V_Dems regime type	-0.11 (0.43)	-1.02** (0.42)	-0.23 (0.46)	-1.06** (0.48)
State policy strength against human trafficking			0.07 (0.07)	0.02 (0.06)
GDP growth			0.00 (0.03)	-0.03 (0.02)
Constant	-7.96** (3.22)	-11.69*** (1.83)	-7.89** (3.18)	-11.37*** (1.89)

Observations	180	205	180	180
Significance: *** 1%, ** 5%, * 10%				
Robust standard errors in parenthesis				

4.3.1 Table 1: Economic freedom and globalization effects on human trafficking

Table 1 column 1 displays results of economic freedom on human trafficking. As seen there, economic freedom has a negative effect on human trafficking. A unit increase in the Economic Freedom Index reduces human trafficking by 50%. This is a fairly large impact. The control variables show reasonable results. Population size increases human trafficking and surprisingly income per capita also increases human trafficking. Richer countries then attract human trafficking, or the results could also mean that richer countries have a higher detection rate. None of the other controls are statistically significant.

In column 2, I enter the KOF index. As seen there, the effect of total globalization increases human trafficking. The IRR suggests that a unit increase in globalization increases human trafficking by 19%. The effect is much less than $\frac{1}{2}$ the impact of a unit increase in economic freedom (see column 1). Again, however, it might be that more globalized economies are better at detection. However, since per capita income captures such an effect, this might surmise that the effect is most likely to be the ease of entry. These results taken together support H1 and H2.

In columns 3 and 4, when I enter two additional controls, the effect of economic freedom is no longer statistically significant, while the positive effect of globalization remains robust.

Table 2: Disaggregated economic freedom effects

	(1)	(2)	(3)	(4)	(5)
	Small government	Legal system and property rights	Sound money	Free trade	Low regulation
Small government	-0.56*** (0.07)				
Legal system and property rights		-0.02 (0.15)			
Sound money			-0.03 (0.34)		
Free trade				1.37*** (0.23)	
Low regulation					0.12 (0.18)
lnpop	0.53*** (0.11)	0.63*** (0.11)	0.63*** (0.11)	0.50*** (0.10)	0.66*** (0.11)
lngdppc	0.30* (0.16)	0.83*** (0.28)	0.81*** (0.19)	1.05*** (0.18)	0.76*** (0.19)
Prostitution legal (1 yes)	0.36* (0.20)	0.18 (0.25)	0.16 (0.25)	-0.07 (0.21)	0.14 (0.25)
airports	0.02*** (0.01)	0.00 (0.01)	0.00 (0.01)	0.02** (0.01)	0.00 (0.01)
V_Dems	-0.60 (0.41)	-0.31 (0.42)	-0.31 (0.44)	-1.41*** (0.50)	-0.34 (0.41)
Constant	-2.50 (2.28)	-12.81*** (2.38)	-12.54*** (2.73)	21.00*** (2.04)	-13.50*** (2.66)
Observations	180	180	180	180	180

Significance: *** 1%, ** 5%, * 10%.

Robust standard errors in parenthesis.

4.3.2 Table 2: The disaggregated measures of economic freedom

Next I explore the disaggregates measures (see table 2). As seen in column 1, a one unit increase in small government reduces human trafficking by 43%. This is a robust result. Interestingly, a high income has less impact on human trafficking in this model than in table 1 columns 1 and 3. Additionally, legalized prostitution is statistically significant at the ten percent level, and legalized prostitution increases human trafficking by 43%. These results

might indicate that countries with smaller governments experience less trafficking, or that there are fewer victims being detected because the government occupies fewer areas of public life.

Column 2 explores how the legal system and property rights influence human trafficking. The impact of a one unit increase in the legal system is a 2% decrease in human trafficking. This is not a statistically significant finding. However, part of that variable could have been captured by the V_Dems variable, as strong and robust legal systems are a crucial facet of democracies. The GDP per capita increases human trafficking by 129% per unit, a finding that is more in line with the findings on economic freedom in table 1.

Column 3 considers the impact of sound money on human trafficking. Again, the result is not statistically significant, and there is only a 3% decrease in human trafficking per unit. A reasonable explanation for this result is that the countries in the sample all have sound money and therefore the model is unable to capture any effect on this particular variable. None of the control variables have results that differ exponentially from the previously discussed models.

In column 4, I consider the impact of free trade on human trafficking. The results show that a one unit increase on free trade results in a 290% increase in human trafficking. However, a change in the governmental type of a country results in a 76% decrease in human trafficking. This suggests that the type of government is influential when considering the impact of free trade.

Finally, column 5 addresses the influence of low business regulation. Bear in mind that increases on the variable signify less business regulation. The results indicate that a one unit increase results in a 13% increase in human trafficking. While this could be a result of less business regulation resulting in more victims of human trafficking because the market is less constrained by laws, it could also mean that there are more victims being detected.

Table 3: Disaggregated globalization effects

	(1)	(2)	(3)
	Economic globalization	Social globalization	Political globalization
KOF economic globalization	0.11*** (0.01)		
KOF social globalization		0.05* (0.03)	
KOF political globalization			0.08*** (0.03)
lnpop	0.75*** (0.08)	0.67*** (0.09)	0.18 (0.19)
lngdppc	0.48*** (0.16)	0.49* (0.26)	0.13 (0.25)
Prostitution legal (1 yes)	-0.23 (0.17)	0.20 (0.23)	0.51** (0.25)
Number of int. Airports	0.02*** (0.01)	0.00 (0.01)	0.03*** (0.01)
V_Dems	-1.42*** (0.42)	-0.57 (0.37)	-0.22 (0.38)
Constant	-17.10*** (1.66)	-13.41*** (1.98)	-6.53** (2.68)
Observations	205	205	205

Significance: *** 1%, ** 5%, * 10%

Robust standard errors in parenthesis.

4.3.3 Table 3: The disaggregated effects of globalization

Much as I did with economic freedom, I have also employed disaggregated effects of the globalization variable. In table 3 column 1 it can be seen that a one unit increase of economic globalization leads to a 12% increase in human trafficking. This is a fairly substantial increase. The result is statistically significant to the 1% level. Population is another major influence on human trafficking, with a one unit increase leading to 112% increase in human trafficking. GDP per capita, the number of international airports in the country and the type of government also provide statistically significant results. The legal status of prostitution was not a statistically significant result.

Column 2 explores the impact of social globalization on human trafficking. It shows that a one unit increase in social globalization leads to a 5% increase in human trafficking. However, the result is only significant at the 10% level. Both population and GDP per capita lead to increases in human trafficking. However, the remaining control variables are not statistically significant.

Finally, column 3 explores the effect of political globalization. The results show that a one unit increase in political globalization leads to an 8% increase in human trafficking. Unlike with economic and social globalization, neither population size nor GDP per capita are statistically significant. However, legalized prostitution is statistically significant and gives a 51% increase in human trafficking in this model. This is a fairly large increase.

4.3.4 General

The key finding of this study is that globalization and to an extent economic freedom have a significant effect on human trafficking. All of the models find that increasing globalization has a positive effect on human trafficking detection rates. Economic freedom on the other hand, lowers the amount of human trafficking a country detects. Additional findings include support for the theory that larger countries experience more victims of human trafficking, and non-significant positive results on the effects of legalized prostitution.

It is important to note that these results are likely to change when including a larger T .

Unfortunately, due to the lack of data on victim detection numbers, any further studies would have limited reach until more data becomes available. These results are also unlikely to be the same globally and should therefore not be interpreted or actively considered for policy changes outside of the OECD countries. However, future studies could still benefit from running similar models and particularly models that include variables for economic freedom and globalization, given the strength of those results in this study.

4.3.5 Robust results

There is serial correlation within this dataset, which was highly expected. To combat that, the results presented use robust standard errors, which provide a bit more leeway for significant results. It is noteworthy that even without the use of robust standard errors both globalization

and economic freedom were still statistically significant. This indicates that both globalization and economic freedom ought to be included in future studies. The main difference when using robust standard errors is that the level of significance has increased, and some of the control variables have become statistically significant.

Both globalization and economic freedom are variables that add explanatory value to the model, and statistical testing confirms that their inclusion to the model as robust additions. GDP growth was not significant when included in models and was as a result removed because it did not provide any explanatory force to the model. Immigrant population was also removed as they were not significant additions to the model and did not yield any significant results.

Statistical tests indicate that there are omitted variables in the dataset. This is expected because of how complicated human trafficking studies are by necessity. Models cannot hope to include all impactful variables while simultaneously emerging with results that do not auto-correlate. Ultimately, it is better to have a model with a few omitted variables than to have one with no valid results due to autocorrelation. Additionally, no models were included using both economic freedom and globalization because the two correlate to a fairly high degree. Models were also run with only Schengen countries included, and another with the Schengen countries excluded. This was done in order to test whether the lack of border control has an impact on the findings. These models can be found in the appendix.

5 Discussion

In the previous section, I analyzed the results of three separate models on human trafficking. The results indicated that policies that increase a country's economic freedom lower the number of victims detected, while increased globalization leads to more victims of human trafficking being detected. In the following section, I will discuss how to interpret those results and discuss how my hypotheses matched up to these results and existing theory.

A crucial element of these studies is the uncertainty of what is actually captured by the dependent variable. The variable comes from reports on how many victims are detected, but it is uncertain whether those findings are the result of less human trafficking or improved detection rates as a result of better anti-trafficking work from governments and police. As pointed out earlier, this is a significant point that needs to be addressed.

There are two ways of understanding the above results. If we interpret the results for economic freedom, then option one is that a freer economy leads to fewer victims of human trafficking in a country. Option two is that a freer economy leads to fewer victims of human trafficking being detected in a country, not necessarily that the number of victims has become lower. If option one is true that means that countries with economic policies that leave the country more open are less likely to experience trafficking. However, option two suggests that open economies lead to traffickers being able to better avoid detection. The same interpretation can be applied to globalization and any of the control variables. This is arguably the biggest flaw of human trafficking studies today. While theory might indicate which explanation is most likely, the fact that theory can be wrong or that there are flaws to an argument cannot be understated.

5.1 Overall implications of the results

Looking at all three of the models under one, the overall idea is that in OECD countries, it should be expected that increased globalization, particularly political and economic globalization, leads to a higher degree of detected victims of human trafficking. Additionally, we can also expect a higher economic freedom score to lead to fewer detected victims of human trafficking within OECD countries.

Policies that open up for increased competition and fewer barriers into the market lead to fewer human trafficking victims in that country. This suggests that liberal economic policies remove the majority of illicit services because they are no longer competitive, which has support from economic theories on market forces and demand and service. On the other hand, increased competition requires integration into the global market, which is a facet of globalization. Increased globalization will theoretically lead to freer movement of people. This means that police and policy makers must be aware of the potential for victims to be transported into the country with more ease. Especially countries with fewer restrictions on movement must remain aware of that potential.

Another aspect of these results that need to be taken into consideration is that they are only valid for an OECD sample. It is likely that if the same model was used with a sample of East Asia or Africa the results will not be the same. This has been a problem with many studies on human trafficking, as they have run regressions using data from the entire world despite the fact that researchers know that human trafficking varies regionally. To assume that there are no discrepancies between regions that cannot be quantifiably measured without actually conducting studies to test that assumption that is not ideal. In many cases, that can be done, but if there is an inclination that results vary due to non-quantifiable variables, an element of the discussion needs to be dedicated to it.

5.2 Hypothesis comparison

The hypotheses suggested that increased economic freedom would lessen the likelihood of a victim of human trafficking ending up in that country, while increased globalization would lead to an increased risk of human trafficking into a country. The above findings support these two hypotheses. Economic freedom provides increased legal competition, which decreases the need for illicit competitors. A country with less economic freedom would therefore have a higher risk of human trafficking, since there are fewer legitimate sources of competition. Globalization opens doors, which means that traffickers have an easier time moving a victim into a highly globalized country versus one that is less globalized. The findings suggest that more globalized countries will be more exposed to human trafficking because of policies meant to increase international trade and cooperation.

The two hypotheses I was interested in addressing in this paper was that more economic freedom would lead to less human trafficking, and that more globalization would lead to more human trafficking. My results showcase how that is the case, but also shows how there are certain facets of both economic freedom and globalization that have more influence on human trafficking numbers than others. The results also showcase that in the case of economic freedom there are measures that counter-balance this conclusion, as free trade is actually significant and positive. However, the trend is that economic freedom overall decreases human trafficking numbers.

The countries in this sample all had strong economic freedom and globalization scores, suggesting that increases in both tend to occur simultaneously. However, because the results also show that the negative impact of economic freedom is higher than the positive effect of globalization, it can be presumed that OECD countries with higher scores on both variables will still have less human trafficking than countries with similarly lower scores. If future studies indicate the same finding, then taking measures to increase legal competition in market economies could make a significant difference to how human trafficking behaves and how governments and organizations address the problem.

5.3 Theory versus empirical evidence

Several variables with support in the literature did not give significant results in the models. It is important to point out that this does not necessarily mean that human trafficking is not influenced by those factors, but the particular models were unable to find significant findings to support their inclusion. The impact of those variables might also be captured on other variables in the model, which would also explain a lack of statistical significance when the opposite was expected.

The above findings on economic freedom support existing theory on the effect of market economies and demand-supply theories. Those theories suppose that in countries with more accessible and expansive market economies there will be less need for illicit services because the market is capable of meeting the demand. The findings support the idea that a country with a strong and independent market will not be an attractive market for illicit services, including those met by traffickers. Those countries will then have fewer victims of human trafficking.

Globalization theories suggest that as globalization increases, the flow of goods, services, and people between countries will also flow. That is also the case for illicit activities, because globalization allows for fewer barriers which criminals can take advantage of. According to the theories, globalized countries should be easier to get into because of international agreements that permit easier travel. Because globalization concerns the increased linking of societies into a more condensed global society, the boundaries between countries are easier to cross. This enables human trafficking, as supported by the statistical findings above. The findings show that the combined effect of increased globalization is a statistically significant driver of human trafficking in the OECD, though the coefficients are fairly small.

Human trafficking is an economically driven crime, and both theory and the findings show that a stronger economy is crucial for the choice in destination country. A country with more money is a more desirable destination country than a country with a weaker economy, because the amount of money that can be earned is higher in a wealthy country. Traffickers want to see as much profit as possible, and a country where the prices can be driven up equals more money for the trafficker. Legalized prostitution was surprisingly non-significant. One of the reasons for that could be that the United States, which has not legalized prostitution, still has very high victim detection numbers. Those values could have influenced the results and lead to the results not being significant, while in reality legalizing prostitution does lead to more trafficking.

6 Concluding remarks

Human trafficking is the fastest growing international crime today, and impacts men, women, and children globally. This paper has showcased how globalization and economic freedom impacts human trafficking in OECD countries. While the number of observations in the sample was relatively small, the results indicate that increased economic freedom lower the number of victims in a country, while increased globalization has the downside of increasing the likelihood of human trafficking. It has showcased that as countries adopt more liberal economic policies, human trafficking decreases in OECD countries. Additionally, it has shown that increased globalization, particularly political globalization, leads to a higher risk of human trafficking. Crucially, the impact of globalization is less than the impact of liberal economic policies.

The size of the sample does mean that any conclusions within this paper are tenuous, and the study must be replicated with larger samples in order to draw any strong conclusions about the validity and importance of economic freedom and globalization on human trafficking. However, because the above findings were statistically significant it should be expected that similar results can be found for similar studies, especially if they are focused on OECD or Western European countries, since those designations contain many of the same countries. The smaller sample size could have had an impact on the control variables included in the model. Because detailed data on human trafficking is limited, the end result could have been influenced by the data used as other studies have relied upon less detailed, global human trafficking data.

Future studies would benefit from testing the findings of this research on other regional data, such as East Asian or African human trafficking data, as well as including these studies in global studies on human trafficking. Studies looking into the determinants of origin countries for human trafficking would also benefit from using economic freedom and globalization variables to test whether a similar pattern can be found for origin countries. It would also be beneficial to test the models with a larger sample and different data than what was used in this paper. Overall, economic freedom and globalization ought to be included in future studies on human trafficking based on the results from this paper, in order to determine whether that impact is as significant as the results here indicate, and to test whether those results are significant globally.

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Appendix

Variable summary

Variable	Obs.	Mean	Min	Max
Victims	212	357.61	2	8003
Economic Freedom overall	189	7.53	6.6	8.44
Small government	189	5.39	3.25	7.81
Legal system and property rights	189	7.17	4.22	8.91
Sound money	189	9.49	7.97	9.89
Free trade	189	7.93	6.88	8.85
Low business regulation	189	7.72	5.93	8.79
KOF globalization overall	216	83.46	65.45	91.17
KOF economic globalization	216	76.12	52.46	89.99
KOF social globalization	216	83.60	62.52	92.12
KOF political globalization	216	90.66	65.98	98.71
Population (log)	216	16.62	14.01	19.59
GDP per capita (log)	216	10.42	9.07	11.41
Prostitution legal status	216	0.41	0	1
Airports	209	16.94	2	102
Regime type	216	2.86	1	3
GDP growth	216	0.68	-14.56	24.38
Overall 3P score	189	12.50	9	15

Schengen versus non-Schengen countries

	(1) Schengen EF	(2) Schengen KOF	(3) Non-Schengen EF	(4) Non-Schengen KOF
efw	0.66* (0.34)		3.81*** (0.77)	
kofgi		0.13*** (0.02)		0.23*** (0.02)
lnpop	0.93*** (0.15)	0.57*** (0.14)	-0.30 (0.32)	0.42 (0.29)
lngdppc	1.01*** (0.19)	0.38* (0.20)	-3.82*** (0.76)	-1.65** (0.65)
prostitution	-0.09 (0.26)	0.23 (0.22)	-1.12* (0.60)	-0.11 (0.35)
airports	-0.04**	0.01	0.04***	0.04***

	(0.02)	(0.02)	(0.01)	(0.01)
v2x_regime	-0.10	-0.17	0.22	-1.42
	(0.41)	(0.25)	(1.52)	(1.21)
Constant	-24.60***	-18.55***	19.86**	-0.16
	(2.99)	(2.19)	(9.85)	(9.75)
Observations	130	148	50	57

Significance: *** 1%, ** 5%, * 10%

Robust standard errors in parentheses

