

# Assessing Globalisation's Contribution to the Sex Trafficking Trade

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ISABELLA LAHDO, AUG 14 2020

Siddharth Kara, among others, claims that sex trafficking is 'one of the ugliest contemporary actualisations of global capitalism,' and has been 'directly produced by the harmful inequalities spread by the process of economic globalisation' (2009, p.4; True, 2012; Jeffreys, 2008; Chang, 2016). This essay therefore understands economic globalisation in its neoliberal sense, and considers how the dominance of international financial institutions (IFIs) over this neoliberal narrative has helped construct and maintain a global capitalist system that entrenches the economic insecurity of Third World nations. The focus will be on globalisation's contribution to the supply of sex workers. This first section will establish the link between Structural Adjustment Programmes (SAPs), which facilitated the advent of neoliberal economic globalisation during the late 20<sup>th</sup> century, and the deterioration of borrowing countries' economic status to HIPC (Heavily Indebted Poor Country). The feminisation of poverty thesis will then be introduced, illustrating how IFI-induced poverty pressures women from HIPCs, who are already economically disenfranchised by patriarchal and societal norms, into migrating for domestic work. Following this, the economic vulnerability of migrating women will be explored from the perspective of traffickers, whose procurement costs fall as they can deceive women into the industry through false job prospects. The penultimate section will demonstrate how nations indebted to IFIs have been disincentivised to create and invoke strong anti-trafficking penalties, as the taxed remittances of female migrants finance this debt.

Collectively, these arguments seek to demonstrate how the global capitalist system has stimulated the push factors of the global sex trafficking trade, thus amplifying its profitability. Moldova and the Philippines have been referenced as case studies due to their mutual experience of SAPs, and their religious social norms which have economically subordinated women.

This section demonstrates how SAPs, which intend to promote the neoliberal understanding of economic globalisation, directly contribute to the 'deepening of rural poverty...' and the '...increased economic disenfranchisement of the poor...' (Kara, 2010, p.4). The end of the Cold War signified the inefficiency of centrally-planned economies, and subsequently the triumph of capitalism and laissez-faire economic planning. Therefore, when former Soviet Republics applied for IFI loans, such institutions believed that their economic perils were rooted in structural inefficiencies, and hence provided loans built on conditionalities that embodied neoliberal principles (Heywood, 2012, p.370). These conditionalities, often recognised as the Washington Consensus, encompassed a rigid formula of market-economy measures, such as 'fiscal austerity measures, rapid market liberalization, rapid privatisation of government-owned industries, and the provision of loans at high interest rates' (Kara, 2010, p.26). In ex-Soviet republics like Moldova, structuralists argue that the 'breakdown of the state and society that accompanied privatisation and marketisation,' were left worse off than they were under communist rule (Balaam & Dillman, 2014, p.326). The fact that Moldovan GDP only recovered to its 1989 levels in 2007 indicates the extent of SAPs' adverse impacts on borrowing nations' economies. A similar trend is observed in South East Asian countries like the Philippines, where 'the oil shock in 1979-1980 and the national debt crisis in 1981 prompted the government to obtain a World Bank Structural Adjustment Loan that forced open the economy' (Sayson, 2006, p.56). Peasant women working in agriculture were the most economically marginalised by the loan conditionalities, testifying that under SAPs, '...they had been forced to relinquish all the profits of their labour to landlords; lands once used to grow rice, corn, and coffee have been converted to growing orchids and "other exotic flowers that you can't eat" for

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export.” (Chang, 2016, p.235). These examples articulate the link between the rise of SAPs and the amplification of subsistence-related problems internationally (Jeffreys, 2008, p.155).

In her book *The Political Economy of Violence Against Women*, Jacqui True posits that the heightened unemployment and poverty rates engendered by these failed development policies were mere collateral damage from the perspective of IFIs, aiding their expansion of global trade and investment in the global capitalist system (2012, p.55). Poststructuralists expand upon this, arguing that the IFI's projection of a neoliberal narrative of economic globalisation via SAPs and the demotion of already poor borrowing nations to HIPC status, helped entrench the global capitalist system as an objective reality of international political economy, and their hegemonic position within it. Establishing this link is key when addressing the global sex trade, as it exposes the injustices produced by neoliberal policies (Kempadoo, 2001, p.45). The following section relates this to women, arguing that SAPs further subordinate already economically vulnerable women, presenting migration for domestic labour as one of the few feasible means of survival in this global capitalist economy.

Political economy feminists largely agree that SAPs indirectly pressure women to become primary income earners for their families, as the neoliberal conditionalities restrict the capacity of borrowing states to provide social services (True, 2012; p.55, Jeffreys, 2008; Chant, 2008; Kempadoo, 2001). This phenomenon is effectively captured by the feminisation of poverty thesis, which is often associated ‘with the “feminisation” of household headship, and the construction of female heads as the ‘poorest of the poor’ (Chant, 2008, p.1668). It is particularly useful to the study of the sex trade, as it illuminates ‘the impact of macro-economic policies on women, calling for women to be recognised in the development process and promoting consciousness of the existence and vulnerability of female households.’ (p.1666). While the disenfranchisement of women is generally caused by factors other than globalisation, they have nonetheless been heightened SAPs and economic globalisation (Kara, 2010; Jeffreys 2008; True, 2012; Chang, 2016). Many claim that global and national economic crises disproportionately affect women, as the patriarchal norms governing HIPCs effectively deny them the same political rights, education, and legal protections that are granted to their male counterparts (Balaam & Dillamn, 2014, p.400). In Moldovan and Filipino society, the prevalence of Russian Orthodoxy and Roman Catholicism, respectively, implicitly subordinate women (Kara, 2010, p.124; McIlwaine, 1997, p.158), and narrow their job prospects.

Countries benefitting from this global capitalist system suffer from a care deficit, as more women entering paid employment increases the demand for domestic workers to replace the roles traditionally carried out by mothers (Heywood, 2012, p.428). Given the limited economic opportunities for females in patriarchal societies, migrating to satisfy this demand appears as a plausible means of economic survival. Moldova, an epitome of ‘the socioeconomic ruin that fell upon the former Soviet Union during the tenuous transition years just after independence’ (Kara, 2010, p.27), and its ‘...undesirable reputation of being both Europe’s poorest country and Europe’s biggest exporter of women’ (True, 2012, p.65), mirrors this logic. Similarly, in 1991 Filipina women constituted a larger proportion of the country’s overseas workforce (41%) relative to its domestic workforce (36%) (Chang, 2016, p.238). These examples highlight that while the economic disenfranchisement of women in HIPCs is typically attributed to patriarchal structures, economic globalisation and SAPs have made it more acute, thus increasingly “feminising” the push for migration.

Academics of the global sex trade acknowledge that the overwhelmingly involuntary mass migration of females (Chang, 2016) during 1990s was recognised by sex industry moguls as an opportunity to widen their profit margins (Kara, 2010; Jeffreys, 2008; True, 2012). The hundreds of millions of poor, disenfranchised, and vulnerable people desperate to find a better life incentivised traffickers to acquire workers at a significantly low cost through deception (Kara, 2010, p.33). False advertisements for domestic work abroad in countries such as the Middle East for Moldovans, and Japan for the Filipinas were frequently used to deceive women into the sex trade (p.109). Victims of trafficking claim that their need to earn an income overrides any suspicion towards false advertisements, and they simply hope that nothing too bad will happen as they are trafficked (p.110). Once acquired through deceit, sex traffickers often impose debt bondage as high as \$20,000 USD (Kempadoo, 2001, p.32) onto women and their families, making indentureship the only possible means of repayment. This often involves coercing women into prostitution... slave-like conditions, ...and forcing them to have sex both with clients and their “protectors” and traffickers (p.32). It is therefore no coincidence that the destruction of communism and the immediate prescription of

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SAPs in Moldova was followed by the growth of huge sex industries as migrating women were '...exposed to the blandishments of traffickers on a large scale.' (Jeffreys, 2008, p.155; Balaam & Dillman, p.400) The implications of economically insecure female migrants for the sex trafficking industry manifested in a 60% profit margin of the selling trafficked victims to their exploiters by 2007 (Kara, 2010, p.19), further incentivising organised crime groups to pursue the industry.

One must note that the argument of deceit is founded on the neo-abolitionist assumption that underpins the radical feminist analysis of the global sex trade. In her book *The Industrial Vagina: The Political Economy of the Global Sex Trade*, Sheila Jeffreys stipulates that the disenfranchisement of women in poor countries often means that they lack '...the resources or know how to "migrate" under their own steam,' and are hence more susceptible to deception into sex slavery and trafficking into debt bondage as they migrate for domestic work (2008, p.30). Postcolonial feminists such as Kamala Kempadoo disagree with this assumption made by Western feminists, highlighting that it depicts migrating women of colour as "submissive," and excessively "victimised", therefore denying them the "very possibility of choice or agency" (p.22). While plausible to an extent, this essay nonetheless employs the neo-abolitionist assumption, as it helps make the case that that economic desperation among females migrating for domestic purposes has driven the supply of potential sex slaves to be exploited at a low cost. Therefore, disenfranchised females tend not to perceive migration as an expression of economic autonomy, but rather as a mode of material survival.

While low start-up costs and high profits incentivise traffickers to enter the global sex trade, it is the ability to repeatedly sell and exploit trafficked victims that ultimately dominates all other incentives to traffic humans over drugs (Balaam & Dillman, 2014, p.400). This has meant that although sex slaves constituted a mere 4.3% of the world's trafficked victims in 2007, they nonetheless generated over 39% of global traffickers' profit. The 70% profit rate from exploitation also reflects the minimal risks of being caught. (Kara, 2010, p.19). This minimal risk of exposure can be explained by IFI-induced debt, which has disincentivised HIPC's to legislate and enforce effective anti-trafficking penalties. As shown earlier in this essay, the neoliberal conditionalities of SAPs accelerated the decline of borrowing countries to HIPC status. Consequently, like trafficked victims subjected to debt bondage, HIPC's became entangled in IMF debt repayment. Moldova, which went from being debt-free in 1990 to incurring debt worth \$2.1bn-approximately the size of its own economy- by the end of 2006 (p.27) is testament to this. Although the majority of earnings made by sex slaves are apportioned to their pimps or traffickers, their remittances remain a crucial source of income for their home countries, whose norms condition women to be more "resourceful" than men, hence making them better at repatriating to keep their families suffering from "austerity measures" afloat (Chang, 2016, p.223). For example, in 2015 remittances of Filipina migrants served as the country's '...largest source of foreign exchange—surpassing income from sugar or minerals—that provided currency for payments toward the country's \$46 billion debt' (p.328). In a backdrop of SAP-catalysed female migration, HIPC's recognised remittance-based tax revenues as a means to repay foreign debt (Kara, 2010, p.115)- caring little for the remittances' origins. From a political economy perspective, the "resourcefulness" of female migrants coupled with persistent debt, deters HIPC's to legislate and enforce coherent anti-trafficking laws that would otherwise impede their economic survival. In Moldova, pimping convictions are only fined a few hundred dollars, and the average prison time per trafficking infraction is a little over two years (Kara, 2010, p.126). Likewise, in the Philippines the Department of Labour and Employment has admitted to granting exemptions to the 23 year old minimum age requirement for female migrants (Chang, 2016, p.260), hence inflating the supply of economically vulnerable women to deceive into the sex trade for repeated exploitation.

This essay has shown that while a confluence of structural factors, (specifically poverty and patriarchy) have enhanced the global sex trafficking industry, it is the universalisation of a neoliberal understanding of the market-state relationship by IFIs that has magnified them. It achieved this by firstly explaining the structure of this system through IFI's SAPs, which intensified the economic vulnerability of its borrowing nations. The feminisation of poverty thesis then drew attention to the notion of poverty as a gendered experience which propels economically disenfranchised females into forced migration. The last two sections of the essay related this to the supply of global sex trade, explaining how the economic vulnerability of female migrants enables traffickers to deceive women into the industry, hence greatly reducing procurement costs. Similarly, the establishment (and neglected enforcement) of feeble anti-trafficking laws, as well as the distortion of migration laws by heavily-indebted governments, in their futile

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efforts to repay IFI-debt illustrated the minimal risks of traffickers being caught. Ultimately, the creation and preservation of the neoliberal global capitalist system has sustained the supply of trafficable victims, further incentivising the repeated exploitation of trafficked migrants for economic profit.

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