



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

IMPACT OF ECONOMIC GLOBALIZATION ON THE HUMAN TRAFFICKING IN THE GREATER MEKONG SUB-REGION COUNTRIES

Suk-Rutai Peerapeng¹, Prasert Chaitip², Chukiat Chaiboonsri³, Sandor Kovacs⁴ & Peter Balogh⁵

*1*Researcher, Faculty of Economics Institution Chiang Mai University E-mail: christine_honey@hotmail.co.th

*2*Associate Professor, Faculty of Economics, Chiang Mai University, Chiang Mai, Thailand. E-mail: pchaiti@hotmail.com

*3*Lecturer, Dr., Faculty of Economics Institution Chiang Mai University E-mail: chukiat1973@yahoo.com

*4*Department of Economic Analysis and Statistics, Faculty of Applied Economics and Rural Development, Centre of Agricultural and Technical Sciences, University of Debrecen, 4032 Debrecen, Hungary. E-mail: kovacss@agr.unideb.hu

*5*Department of Economic Analysis and Statistics, Faculty of Applied Economics and Rural Development, Centre of Agricultural and Technical Sciences, University of Debrecen, 4032 Debrecen, Hungary. E-mail: balogh@agr.unideb.hu

Abstract: This study examines the impact of economic globalization on the human trafficking inflows into the Greater Mekong Sub-region (GMS) countries. The paper empirically tests for a cross-section of six countries, including Cambodia, the Yunnan Province of the People's Republic of China (PRC), Lao People's Democratic Republic (Lao PRD), Myanmar, Thailand, and Vietnam. Employing the Pooled OLS estimator, as the theory predicts, the economic globalization increases trafficking inflow into the GMS. However, only foreign direct investment (FDI) affects the degree of trafficking of persons, while the effect of trade is insignificant. Moreover, Exchange rate, Migration, Population and Democracy induce higher rates of trafficked persons, whereas Gross Domestic Product (GDP) and other factors, such as education, vocational training and micro-finance through village development funds decrease this problem in the region. Gross National Income per capita (GNI per capita) and rule of law do not have any significant effect on human trafficking.

Keywords: Economic globalization, Human trafficking, Greater Mekong Sub-region countries

Introduction

In the Great Mekong Sub-region, trafficking in women and children is an established and complicated issue, often intertwined with illegal migration and transnational organized crime. In spite of various governmental and non-governmental efforts to oppose human trafficking, the problem seems to be increasing at a frightening pace (World vision, 2005). The United Nations Office on Drugs and Crime (2006) provided a definition of trafficking in persons as “the recruitment, transportation, harboring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power, or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation” (UNODC, 2006)

This definition recognizes foremostly that trafficking in persons is a gross violation of human rights. The GMS includes Cambodia, the People's Republic of China (PRC), notably the Yunnan Province and the Guangxi Zhuang

Autonomous Region), Lao People's Democratic Republic (Lao PRD), Myanmar, Thailand, and Vietnam (Stone et al., 2010), this region is home to more than 260 million people. Once devastated by conflict, the region has become increasingly wealthy, with travel, tourism and trade all growing, despite the injustice of human trafficking remaining. In fact, the changes in political and economic climates, freedom and relative political stability may have made migrants more vulnerable than ever before to modern day slavery. Fast economic growth has brought greater affluence to the region and this economic expansion has created new opportunities for exploitation. The contradiction in wealth between neighboring countries is attractive to those wanting to escape poverty. The disparities between countries provide traffickers opportunities to exploit the vulnerable, who seek to cross porous and increasingly open borders. Collecting accurate statistics is a challenge because of the criminal and underground nature of trafficking and due to different data collection methodologies used by researchers. However, globally, it is estimated that 800,000-2.5 million people are trafficked each year, including some 1.2 million

children. At least 12.3 million people are engaged in exploitative labor practices, including children. In the GMS alone, it is thought that a quarter of a million people are victimized by trafficking each year (World vision, 2005). The Mekong region, compared to many other parts of the world, include very diverse patterns of human trafficking, such as internal and cross-border; highly organized and also small-scale; sex and labor, throughout both formal and informal recruitment mechanisms and involving the victimization of men, women, boys, girls, and families. Therefore, within the GMS, there is not so much a single pattern of trafficking in persons as a range of different forms, with diverse victim and criminal profiles. For example, trafficking victims and families into Thailand from neighboring Lao PDR, Myanmar and Cambodia is done against a background of widespread irregular migration. Traffickers are forced into prostitution, domestic servitude or labor in sweatshops or on fishing boats, construction sites or farms. In addition, there is the trafficking of children from Cambodian or Myanmar border areas or rural Vietnamese or Chinese areas to beg or sell flowers on the streets of larger cities. Also, there is the form of trafficking from rural China, Myanmar, or Vietnam into the interior of China, in order to be forced into marriages which lead to domestic servitude and/or sexual exploitation.

As commerce becomes globalized and borders open, the transfer of people both willing and forced is becoming more widespread. This is in large part due to the phenomenon that human trafficking has become such a profitable and fast-growing criminal activity. Globalization is the development of a significantly integrated global economy, marked especially by free trade, free flow of capital and the cheaper foreign labor markets that transcend nation-state boundaries.¹ In part, globalization spreads practices, values, technology and other human products throughout the globe (Bales, 2005). It must be acknowledged that forms of slavery and human trafficking are not just outcomes of globalization, but rather part of the globalization process itself, which involves a functional integration of dispersed economic activities. To explain this phenomenon, author Kevin Bales offers the example of the victim recruited in Thailand and forcibly trafficked to other states as a sex-slave, who thereby generates income that is in turn recycled back into the Thailand brothel economy.² Moreover, globalization fosters interdependence between states for commerce and facilitates the transfer of goods. Comparative advantage in cheap labor and goods in developing countries has played an important role in objectifying and exploiting humans for economic ends. In developing states, where agriculture lifestyles were once the preponderance of income providing activities, nationals are left without an education or the appropriate skills to compete in a developing workforce. To a large scale, the developed countries of the world have become the factories and workshops. A high demand for cheap labor by multinational corporations in developed countries has resulted in the trafficking and exploitation of desperate workers who, in

turn, are subsequently to a lifetime of slave-like conditions.³ Trafficking still occurs from the Mekong countries to destinations further abroad. For instance, women and girls from Thailand, Cambodia, Myanmar and Vietnam are significantly found in forced prostitution or domestic servitude in Malaysia. Many using formal labor recruitment agencies were expecting to be able to migrate safely and legally, but were deceived and violated at their destinations.

Trafficked Thai women are also found in the sex trade in such countries as Hong Kong, Chinese, Japan, South Africa, the Middle East, and in Western Europe, as well as in the Americas. Western Europe, specially the UK, is reporting increasing numbers of victim cases involving Chinese, Thai and Vietnamese women (World vision, 2005). Therefore, a research problem can be conceptualized concerning how economic globalization is influencing human trafficking in the Great Mekong Sub-region countries.

Methodology/Experimental design

1. Economic globalization and human trafficking

Economic globalization concerns the founding of a series of worldwide exchanges in labor, trade, technology, and capital between countries (Stubbs & Underhill, 1994). Advantages from this phenomenon comprise world economic development, diminishing trade barriers, higher living standards, rapid innovation, spread of technology and management skills, and also new economic opportunities for nations (Head, 1997; Larkin, 1999; Wallach & Sforza, 1999). In its broadest sense, the term contains all types of economic and cultural transfers between nations which comprising domination of the media and widespread by using the World Wide Web. In a narrower sense, it refers to the economic exchange of goods and services internationally and international financial flows. This study concentrates on the economic aspects of globalization, and especially on trade and FDI.

The countries and areas encompassing the Greater Mekong Sub-region together combine a great variety of landscapes, resource bases, ethnic groups and economic and political systems. For example, Thailand has followed free market principles in its pattern of development. Cambodia, Lao, Vietnam and Yunnan are engaged in a transition from mainly planned economies towards more open, free-market systems. Myanmar remains largely isolated from the international community and pursues its special variant of socialist, mainly planned, economics. With the exception of Yunnan, all are members of the Association of Southeast Asian Nations (ASEAN) and all are experiencing, although to various degrees, flows of regional and global investment, trade and labor that warrant the designation of these countries as a separate sub-region in the Asian and global economy (World vision, 2005).

Of course, it may also be that economic globalization has positive impacts. Organized crime has been taking advantage

of fast-moving technological advances, such as the Internet, overall globalization and the freedom of the flow of goods and services, as well as the founding of global markets. The acceleration of the liberalization process of markets, for example, has been at least partly technology-driven, with the rapid development of travel, global networks, electronic commerce and the information economy. It has therefore been easy for people to trade and communicate. Financial activity, services and investments are expanding rapidly. These developments give opportunities for sustained enhancements in economic performance and also raise important new challenges in the form of globalised crime. Economic globalization has absolutely brought countries closer together via technological innovation and the integration of financial markets. The ability to manage trade has become substantially quicker and cheaper and the global financial system, which now operates on a 24-hour basis. The phenomenon has also extended levels of cross-border investment and the transfer of technology, skills and knowledge across countries. Therefore, economic globalization has contributed advantageously to both the legal economy and the illegal economy (Findlay, 2000).

The rapid extension of free markets, driven by liberal economic globalization, has resulted in enormous progress in living standards and lifted millions out of poverty. From an economic outlook, human trafficking raises some interesting facts. Undocumented migrants (some of whom have been trafficked) are fundamental to the economies of many states. In the United States, for instance, some 10 million undocumented migrants account for nearly 10 percent of the low-wage labor force. International remittances from migrants produce gigantic domestic incomes, while relieving the unemployment rates by decreasing domestic labor supply (Cameron, 2008). Other impacts are that market integration has originated substantial economic growth on a global scale, consequence in more jobs, enhanced livelihoods and an overall alleviation in poverty. Furthermore, by bringing larger advantages to individuals and countries already holding physical and human capital, globalization has stressed disparities within and between countries. Among the impacts are expanded urbanization and cross-border migration. The difference between poverty and disparity is an important one. While there is significant empirical research showing that economic growth causes a general lowering of poverty levels, the impacts of growth on disparity are less clear cut. Growth occurs to have supplemented an increase in disparity as poverty diminishes. Moreover, globalization is differentiated by increased focus on competitive markets. Such competitive markets incline to be characterized by significant inequality in incomes and wealth. It is inequality and disparity, coupled with the rise of consumerism that forces poor people into migration, for if the anticipation of better opportunities was not accessible elsewhere, there would be less cause to migrate (Marshall, 2001). Based on these arguments, the following hypothesis has been made:

Measuring Economic Globalization and hypothesis

This paper examines a hypotheses on the linkage between economic globalization and human trafficking on the basis of the literature of Cho (2012): Integrating Equality Globalization, Women's Rights, SON Preference and Human Trafficking. Based on the aforementioned discussion of economic globalization, in this section, we develop a hypothesis on changes as major influencing factors on human trafficking. A conceptual model of two factors is associated with human trafficking; in particular, openness to free trade and FDI are used to measure economic factors. In the following sections, this study examines the associations between human trafficking and these two factors.

Based on the aforementioned discussion of economic globalization, the study addresses economic globalization as being closely linked to the trafficking problem. Especially trade openness is used to measure economic globalization. Rodriguez & Rodrik (2000) stated that such openness is the sum of exports and imports of goods and services measured as a share of the GDP (Dreher et al., 2011). The supporting of trade openness had a positive effect on economic liberalization, which forces economic globalization in a given a (Dreher et al, 2011; Rodriguez & Rodrik, 2000). Another factor is FDI, Apodaca (2001), Mitchell & McCormick (1988), Poe & Tate (1994), and Rosenau (2003) claimed that economic integration produces economic wealth, the establishment of the rule of law and a higher respect for human rights and (personal) freedom (Dreher et al., 2011). Additionally, Gelleny & McCoy (2001) stated that due to expanded wealth and modernization, global integration leads toward a higher level of political stability, whereby governments are less tempted to impinge on human rights to maintain control (Dreher et al., 2011). Likewise, Richards et al. (2001) maintained that economic globalization forms a "middle-class," having the power to demand (fundamental) human rights and freedom. If countries become entangled in an unexpected war, the probability of receiving FDI decreases, as does the amplitude of such investments (Dreher et al, 2011; Li 2006). Thus, human rights abuses should diminish with a country's level of economic globalization. Since this brings benefits for governments that take part in economic integration (Dreher 2006; Dreher et al., 2011), regimes have an incentive to respect human rights. There are theoretical arguments, as well as empirical evidence, that trade or economic globalization reduces conflict in a country, since the possible loss of trade decreases the willingness to fight (Dreher et al, 2011; Morrow 1999: 48).

Thus, we test the following hypothesis:

H₀: Economic globalization does not increase human trafficking in the Greater Mekong Sub-region

2. Estimation Strategies

2.1 Scope of the study

One of the biggest challenges of doing research on human trafficking is the scarcity of reliable and comparable data. (Cho et al., 2011) Contained within the data of human trafficking is a clandestine, criminal activity, with those being trafficked and involved in such activities being part of “hidden populations” (Tyldum & Brunovskis, 2005). Thus, the true number of human trafficking victims is unknown (Belser et al., 2005). Among the currently available informational sources, the Incidence Reporting Index developed by the UNODC (2006) is one of the most reliable indicators. Aggregated numbers of incidence reporting from 113 major institutes during the data collection period of 1996-2003 are used here.

The Index covers 161 countries and has an ordinal scale ranging from 0 to 5, with score 0 indicating no (reported) inflow of human trafficking and 5 a very high inflow (Cho et al., 2011). This data covers six countries in the Greater Mekong Sub-region, which also differentiates between the intensity levels of human trafficking inflows. This empirical analysis is based on the UNODC data given that to test the impact of economic globalization on the degree of human trafficking in the Greater Mekong Sub-region.

Furthermore, this study discuss in gender-neutral, referring to individuals, persons and prostitutes in general, rather than female prostitutes because the theoretical arguments, in principle, equally apply to boys and, possibly, men also trafficked into the sex industry and under no illusion that the overwhelming majority of individuals affected by trafficking are in fact girls and women. (Cho et al., 2011)

2.2 Conceptual framework and model

The study uses pooled cross-section, which examine the effect of the incidence of trafficking with economic globalizations. Pooled data consist of 48 annual observations from the six countries between 1996 and 2003. Data is a balanced panel, as there are no missing values. The dataset has a small sample size from the cross-sectional data, thus the model does not include country fixed or random effect. The reason for this is that we would control for unobserved country heterogeneity and the estimation of the random effect is only required and efficient in the case of larger sample sizes. The equation to test our hypothesis is as follows:

$$Y = \alpha_1 + \alpha_2 EG_i + \alpha_3 Z_i + u_i \quad (\text{Eq.1})$$

From Eq.1:

Y defines as the incidence of trafficking inflows

EG_i denotes as Economic globalization (main variables)

Z_i is a vector including control variables

u_i is the idiosyncratic error term

From the cross-sectional data, the model does not include country fixed effect and period fixed effect since this cannot handle unobserved country heterogeneity. The dependent variable (Y) has an ordinal structure ranging from 0 to 5 (0

being no reported trafficking flows, 5 being very high), taken from UNODC Incidence Reporting Index, 2006. The main independent variables (EG_i) are Trade openness (the ratio of imports and exports to GDP) and foreign direct investment (FDI, net inflows) due to increasing of FDI, which can indicate of a growing economic globalization. Both factors are the most commonly used indicators (Cho, 2012; de Soysa & Vadlamannati, 2010; WIKI, 2011). The control variables (Z_i) are the proposal measures for the most significant determinants of trafficking flow according to the literature (Akee et al., 2010; Cho et al., 2011). The variables include the (log) GDP and (log) population size from WDI 2011, as richer and more populous countries should experience higher flows. National income per person (GNI per capita) from WDI 2011 reflects the average income of a country's citizens (WIKI, 2011). Rule of law is taken from the World Bank Governance Indicators (WGI) (Kaufmann et al., 2009). It ranges between -2.5 and 2.5. Higher values mean better outcomes or reduced number of victims because the trafficker has a higher risk of prosecution. Index indicating democracy is taken from Cheibub et al. (2010). The dummy is coded as 1 if the country is democratic and 0 otherwise, because countries with more open borders increase the risk for trafficking. The (log) international migration is also a factor since potential victims might be attracted by the existence of pre-existing migrant networks in a country (Mahmoud & Trebesch 2010). Data are taken from WDI (2011) and are only available from 1990 to 2005. Exchange rate is also included in the model, as it coincides with the success in the sex trade (Ouyenoru).

Results and Discussion

Table 1: The result of the incidence of human trafficking inflows in the GMS between 1996 and 2003

Variables	Pooled OLS	
[log]FDI	0.048*	[3.608]
Trade	0.0004	[0.712]
Exchange rate	2.38**	[6.283]
[log]GDP	-0.204**	[-4.987]
GNI per capita (Income)	7.17	[2.256]
[log]Migration	0.28**	[6.269]
[log]Population	0.404**	[6.603]
Rule of law	-0.008	[-0.588]
Democracy	1.622**	[46.742]
Other variables	-3.552**	[-8.794]
R²: 0.998457	Adjusted R²: 0.9981	
F-statistic: 2732.628	Prob[F-statistic]: 0.000	

Note: t-statistics are in parentheses;

*: significant effect at 10% level;

** : significant effect at 1% level

Table 1 presents the result of the incident trafficking inflows. According to the F-test, our null hypothesis can be rejected, which means that the economic globalization increase trafficking inflows into GMS. However, FDI has a positive effect with conventional level of significance, while the effect of trade is insignificant. On the control variables, some of the economic factors have a significant effect, including Exchange rate, International Migration, Population, Democracy, GDP and other variables. All these factors are statistically significant at the one percent level, except FDI, which is only significant factor at the ten percent level. All factors (except GDP and other variables) increase the trafficking inflow. However, GDP and the other variables decrease the degree of human trafficking, while GNI per capita and rule of law do not have any significant effect.

Empirical Findings

The determinations so far point to the degree of trafficking inflows in the GMS, but cannot control unobserved country heterogeneity. Our results show that economic globalization is associated with a higher degree of trafficking victims, however a cross-sectional analysis cannot give the specific globalization factors that would increase trafficking. For providing better evidence of the influential factors of our model that captures a causal effect instead of a spurious effect (Cho et al., 2011), we also examined brief country case studies of the GMS. Economic globalization factors have an increasing influence on trafficking. Open trading and improved infrastructure have some benefits, such as poverty reduction, and generate greater market opportunities, but the facility has increased to increase victims through the transfer of people, capital and business. Trade and similar migration also concern the movement of labor because traded goods comprise labor inputs. Growth in trade has played a great part in stimulating growth in the GMS since the beginning of the 1990s, and export has a significant role in the region's recovery after the Asian financial crisis, which occurred between 1997 and 1998. Trade has increased through the region and FDI flows have also extended throughout the last 2 decades. The early signs of trading are the appeared investment nexuses by which trade not only promotes investment, but alternately FDI boosts trade. For example, In the Lao PDR, FDI in agriculture and forestry projects has conducted increasingly to export growth, whilst FDI in the garment manufactures has encouraged Cambodia's footwear and clothing exports. These are instances of a pure circle including trade and investment that associated with economic growth. We have to mention that this is a continuously spreading process at the macro level and is already occurring naturally in the portion of procedure of economic growth. This is evident in the diminishing share of agriculture and the corresponding rises in manufacturing and services (Menon & Melendez, 2011). Cross-border movement of labor (cross-border trade) over the GMS has been so dynamic that there is no sub-regional

governing or convention to ease it. Regional income disparities within Thailand had aggravated results from a decade on economic boom that was focused mainly in the Bangkok metropolitan area and the Eastern Seaboard. The concentration of growth forced people to move from rural to urban areas. Moreover, developments in the roads and infrastructure connecting the GMS in the economic special zone namely, east-west corridor in Savannakhet and along the R3 road (Luang Namtha – Bokeo province) are the crucial movers of cross-border labor mobility into Thailand. The Laotian economy is dependent on both investment and trade with its neighbors, such as Thailand, Vietnam, and particularly China in the north. Thus, these changes have led to increases in migration and related human trafficking. Large cities and other provinces; national and international highways, especially Vientiane, Savannakhet and Champasak, serve as transit points for trafficking move through into Thailand. An estimated 20,000 Lao enter Thailand annually (TIP, 2001). The opening border for the Vietnamese has meant expanding chances to migrate to China; especially women have crossed the China-Vietnam border to seek opportunities for marriage or an occupation. Because of the enhancement of roads, open border policies and especially the rapid increase of cross-border trade and tourism, it has now appeared in all provinces, and especially in the deltas of the Red and Mekong rivers. Since the late 1990s, the opening of the border, while helping economic exchange, exposed populations from both sides to economic and social opportunities, which comprise the risks of trafficking. The country is a source, transit and destination for victim trafficking. The exact scope of the problem is hardly known (because the illicit nature of trafficking and the problems with identifying the components of trafficking), official estimates show that thousands of women and girls have been victims sent to other countries, such as Cambodia, China, Australia, and as far as Europe and North America. Due to its proximity to China, in facilitating transportation and cross-border trade, the Quang Ninh and Lao Cai provinces in Vietnam have been important sources and transit provinces for international migration to China in the past few years. Mong Cai is also one of the Vietnamese border towns where the flow of goods and capital, as well as cross-border movements of people associated with human trafficking is seen. The trading routes between Burma and Thailand is Mya Maung stresses, this certainly explains the routes and trading points that allowed black markets to advance along the Sino-Thai-Indo-Burmese borders. The most active illicit border trade between Burma and Thailand appeared and still occurs in three points: Mae Sai, Mae Sot, and Ranong, all which are associated with sex and labor trafficking (Maung, 1991). Recent ILO research in the Thai border town of Mae Sot faced with the difficulty of Myanmar migrant child labor in factories exposed that 77.3% of workers were girls and 30% of the children were exploited as child workers living at the factory (World Vision, 2009). There are no reliable statistics available on the total number of trafficked persons; however, most observers believe the number of

trafficking is at least several thousand per year (TIP, 2001). The global stock of victims is estimated 800,000 to 2.5 million people that are victims of trafficking each year, containing some 1.2 million children. At least 12.3 million people are involved in exploitative labor practices, comprising children. In the GMS alone, probably a quarter of a million people are victimized by human trafficking each year (World vision, 2005). This figure is consistent with the results of a quantitative analysis which determined that the economic globalization leads to increasing inflows of human trafficking. With respect to control variables; FDI, Population, Exchange rate, International Migration and Democracy induce trafficking victims to migrate to the GMS. The evidence is lacking to reveal the negative impact of FDI on trafficking in the Mekong sub-region. However, the UNIAP (2010b) claimed that FDI sanctions in Myanmar led to factory closures in Hlaing Tharyar, Htaukkyant, Hlawgar and the Shwepyithar Industrial Zones. Many female workers became unemployed and confronted with the burden of providing for themselves and their families, which means that they are vulnerable targets for traffickers (UNIAP, 2010b). Trafficking causes a demographic imbalance, which leads to differences in sex ratios between neighboring countries. For example, the population of Vietnamese women has increased more than that of men; meanwhile, the situation is the opposite in rural China. These gender imbalances has important and long-term connotations. Gender imbalance is one of the trafficking risk causes in Yunnan. The uneven in the sex ratio has proceeded to enlarge since the 1980s, the number of males per 100 females at birth was 117 in the fifth census in 2000 (Le Bach Duong et al., 2005). Victims who are forced into marriage may be vulnerable because they usually do not know the language and are not versed in their new culture. Guang Xi and Yunnan have the highest gender imbalances within China, these provinces sharing a border with Vietnam. Migration for marriage is increasing quickly, as Vietnamese women are marrying men from China, the Republic of Korea and also Taiwan Province of China. Around 60,000 trafficked women married men from the Taiwan Province of China in 2001. The fast expansion in work and marriage associated migration flows within Asia has been supplemented by a thriving trafficking market, especially the trafficking of women and children from Vietnam for marriage or labor and often for entertainment and sexual purposes (Le Bach Duong et al., 2005). Regarding the Exchange rate, the most noticeable of the experience opportunities in the destination countries are foreign exchange earnings. Most migrant workers come to Thailand to search for better careers and have better lives than in their home countries. The majority gain more money or earn hard currencies. Pearson (2005) revealed that, for example, a shrimp peeler has saved 100,000 kyat (4,000 baht) and sent the money home. Nonetheless, not everyone is so lucky. Some people end up being exploited or become HIV positive. Everyday life and economic gain in Thailand are not easy for all migrant workers. Some workers have to work as animals. They have to escape to avoid arrest

due to their lack of a work permit. Additionally, some of them work very hard but do not earn enough money to make a living or even get diseases. International migration - particularly unauthorized migration - is a main problem for administration. The higher purchasing power and the more vigorous economies of Thailand create a demand for labor, alluring migrants from their poorer neighbors. There is a growing demand for cheap sexual and labor services. Thus, there is a violent irregular migration in the GMS for sex trafficking. Some countries in the GMS, i.e. Thailand and Cambodia, have been utilized as transit points for the human trafficking of migrants to other countries. Thailand is the main receiving country for migrants in the GMS, hosting around 2-4 million migrants. Cambodia and the Yunnan Province of China are hosts to huge migrant populations. Accurate data involving the number of migrants in the region is hard to obtain, as many migrants are long term residents in their host countries and most migration occurs through informal channels. Several studies about the living and working conditions of undocumented migrants have revealed a high incidence of violence, generally seen in retained passports, type of work, deception about wages, physical restriction, inferior working conditions and also threats of being reported to the authorities (Huguet, 2011). Such examples of Cambodian illegal migrants are increasing in number; some of them confront forced and abusive situations that consist of sexual and labor exploitation. Some people are also trafficked victims. According to the UNIAP (2010a), every year thousands of Cambodians are victims in Thailand. Men are forced to work on fishing boats or as construction workers. Women are abused by the entertainment industry, consisting largely of work in prostitution. Marshall (2001) showed that Cambodian children are being trafficked as beggars and flower vendors in Thailand. Cambodia is a destination country for labor and other types of migrants, some of whom came from Vietnam and China. In 2002, the Government of Cambodia exposed at least 70,000 irregularly registered Vietnamese (IOM, 2008). Many women are worked in the sex industry, such as in massage parlors and dance halls. Labor migration is characterized best by the international migration from the Lao PDR. The main destination country is Thailand; Lao women migrate and work with unofficial statuses, thereby increasing their probability of being forced into undesired and illegal activities, abuse and being trafficked (IOM, 2008). Concerning Democracy, the Cambodian⁴ regime is a constitutional monarchy with an elected government, but people are dominated by the government through for example limitations in the freedom of speech. Lao PDR⁵ is an authoritarian one party state ruled by the Lao People's Revolutionary Party. Its government does not respect the rights on freedom of speech, assembly or association of its citizens. Myanmar⁶ is ruled by a highly authoritarian military. All Burmese citizens suffer under a regime that restricts the freedom of speech, worker rights and promotes forced labor. Thailand struggles to grow as a democratic country. Unless Thailand recognizes the inequitable rights of stateless people as human beings it will

not grow as a democratic country. The Government in Vietnam⁷ is a one party state in which citizens cannot change their government. The right of citizens' is limited, as they cannot assemble or arrange movements and there is also a restriction on workers' rights. Finally, in Yunnan Province,⁸ the government continues to refuse to allow basic democratic rights, such as the freedom of speech. In short, trafficking still appears and the regimes in the GMS would seem unwilling to fight against it. On the other hand, the governments do not fully comply with the minimum standards for the elimination of these problems, either⁹. Conversely, while GDP reduces human trafficking inflow, there is no data to support the linkage between the effect of GDP and the declining inflow into the GMS. Other factors decrease this problem, such as education of children, to increase skills and public health knowledge, thus giving them the ability to prevent themselves from being tricked by a trafficker. Indeed, education could serve as a key means of fighting trafficking in the future. The Women's Federation has developed brochures on trafficking prevention, safe migration and distributed handbooks for improving the vocational skills of girls and community members. Micro-finance through a Village Development Funds project also helps to relieve poverty and can be used to reduce the vulnerability of young persons to being abused. This would help people to start, expand and purchase supplies for local businesses (ILO, 2008).

Conclusion

The paper examines how economic globalization affects human trafficking in the Great Mekong Sub-Region. This hypothesis is tested by employing pooled data from six countries for the period 1996-2003. Using the Pooled OLS method, as the theory predicts, economic globalization increases trafficked flow into GMS. However, while FDI has an influence on trafficking, trade does not have any significant effect. Economic factors such as Exchange rate, Democracy, Migration, Population induce more traffic flow. In contrast, GDP and other variables such as education, micro-finance through a village development fund and vocational training decrease the flow of victims into the region, while GNI per capita and the rule of law do not have any significant effect. Further research could investigate and reveal more economic indicators from the social globalization dimension in the current period, to illustrate the new incidents of human trafficking inflow into the Great Mekong Sub-Region.

References

Akee, R., Arjun, B., Arnab, K., Basu., & Nancy, H.C. (2010): Transnational Trafficking, Law Enforcement and Victim Protection: A Middleman's Perspective: mimeo, Cornell University.

Apodaca, C. (2001): Global economic patterns and personal integrity rights after the Cold War. *International Studies Quarterly* 45 (4), 587–602.

Bales, K. (2005): Understanding Global Slavery: A Reader. Berkeley University of California Press.

Belser, P., Michaele de Cock., & Farhad. (2005): ILO Minimum Estimate of Forced Labour in the World. International Labour Office, Geneva.

Brewer, D. (2011): Globalization and Human trafficking. Topical research digest: Human rights and human. <http://www.du.edu/korbel/hrhw/researchdigest/trafficking/Globalization.pdf>

Cameron, S., & Edward, N. (2008): Trafficking in Humans: Structural Factors, in Trafficking in Humans: Social, Cultural and Political Dimensions, edited by Sally

Cheibub, J.A., Jennifer, G., & James, R. V. (2010): Democracy and Dictatorship Revisited. *Public Choice* 143, 1–2, 67–101.

Cho, S., Dreher, A., & Neumayer, E. (2011): Does Legalization of Prostitution Increase Human Trafficking?. *Courant Research Centre: Poverty, Equity and Growth Discussion Paper No.96*: University of Goettingen.

Cho, S. (2012): Integrating Equality – Globalization, Women's Rights, Son Preference and Human Trafficking. *Courant Research Centre: Poverty, Equity and Growth Discussion Paper No.73*: University of Goettingen.

De Soysa, I., Vadlamannati, K, C. (2010): Does Being Bound Together Suffocate, or Liberate? Testing the Effects of Economic, Social, and Political Globalization on Human Rights, 1981 – 2005 (4ed): Kyklos.

Dreher, A. (2006): Does globalization affect growth? Evidence from a new index of globalization. *Applied Economics* 38 (10), 1091–110.

Dreher, A., Martin, G., & Lars-H, S. (2011): Globalization, Economic Freedom and Human Rights

Findlay, M. (2000): The Globalization of Crime. London: Cambridge University Press

Gelleny, R, D., & Matthew, M. (2001): Globalization and government policy independence: The issue of taxation. *Political Research Quarterly* 54 (3), 509–29

Head, K. (1997): from, <http://pacific.commerce.ubc.ca/keith/lectures/mne2.html>

Huguet, J.W. (2011): Migration for development in Thailand: Overview and tools for policymakers. Thailand Migration report

ILO Mekong Sub-regional Project to Combat Trafficking in Children and Women. (2008): International Programme on the Elimination of Child labour, International Labour Office.

Kaufmann, D., Kraay, A., & Massimo, M. (2009): Governance Matters VIII: Aggregate and Individual Governance Indicators 1996-2008. *Policy Research Working Paper Series 4978*, the World Bank, Washington DC.

Larkin, M. (1999): Globalization and Health. *Critical Public Health*, (4), 335–345.

Le Bach, D., B langer, D., & Hong, K. T. (2005): Transnational Migration, Marriage and Trafficking at the China-Vietnam border. *CEPED-CICRED-INED Seminar on Female Deficit in Asia: Trends and Perspectives*. Singapore

Li, Q. (2006): Political violence and foreign direct investment. *Research in global strategic management*, 12, *Regional Economic Integration*, edited by Fratianni, M., & Rugman, A.M., 231–55. Oxford: Elsevier.

Mahmoud, T. O., & Trebesch, C. (2009): The Economic Drivers of Human Trafficking: Micro-Evidence from Five Eastern European Countries (4ed). *Journal of Comparative Economics*

- Marshall, P. (2001):** Globalization, Migration and Trafficking: Some Thoughts from the South-East Asian Region. UN Inter-Agency Project on Trafficking in Women and Children in the Mekong Sub-region: Kuala Lumpur.
- Maung, M. (1991):** The Burma Road to Poverty: New York, Praeger, 210–213.
- Menon, J., & Melendez, A. C. (2011):** Trade and Investment in the Greater Mekong Subregion: Remaining Challenges and the Unfinished Policy Agenda. *ADB Working Paper Series on Regional Economic Integration No. 78*
- Mitchell, N., & McCormick, J. (1988):** Economic and political explanations of human rights violations. *World Politics* 40 (4), 476–98.
- Morrow, J. D. (1999):** How could trade affect conflict? *Journal of Peace Research* 36 (4), 481–89.
- Pearson, E. (2005):** Destination factors in the trafficking of children and young women in the Mekong sub-region. ILO Mekong Sub-regional Project to Combat Trafficking in Children and Women.
- Poe, S., & Tate, C. N. (1994):** Repression of human rights to personal integrity in the 1980s: A global analysis. *American Political Science Review* 88 (4), 853–72.
- Regional Thematic Working Group on International Migration including Human Trafficking (IOM). (2008):** Situation Report on International Migration in East and South-East Asia
- Richards, D. L., Ronald, G., & Sacko, D. (2001):** Money with a mean streak? Foreign economic penetration and government respect for human rights in developing countries. *International Studies Quarterly* 45 (2), 219–39.
- Rodriguez, C. & Rodrik, D. (2000):** Trade Policy and Economics: University of Maryland and Kennedy School of Government, Harvard University.
- Rosenau, J. N. (2003):** Distant proximities: Dynamics beyond globalization. Princeton: Princeton University Press.
- Stone, S., Strutt, A., & Hertel, T. (2010):** Assessing Socioeconomic Impacts of Transport Infrastructure Projects in the Greater Mekong Subregion. *ADB Working Paper 234*. Tokyo: Asian Development Bank Institute.
- Stubbs, R., & Underhill, G.R. (1994):** Political Economy and the Changing Global Order (ed): Toronto: McClelland and Stewart.
- The United Nations Inter-Agency Project on Human Trafficking (UNIAP) (2010a):** Human Trafficking Sentinel Surveillance: Poipet, Cambodia 2009–2010: Bangkok
- The United Nations Inter-Agency Project on Human Trafficking (UNIAP). (2010b):** The Mekong Region Human Country Datasheets on Human Trafficking. Siren strategic information response network.
- Trafficking in Persons Report (TIP). (2001, 2011):** United States Department of State. Office of the Undersecretary for Global Affairs, Washington DC.
- Tyldum, G., & Anette, B. (2005):** Describing the Unobserved: Methodological Challenges in Empirical Studies on Human Trafficking in Data and Research on Human Trafficking: A Global Survey, edited by Frank Laczko: International Organizations for Migration, Geneva
- United Nations Office on Drugs and Crime (UNODC). (2006):** Trafficking in Persons, Global Patterns Vienna.
- Wallach, L., & Sforza, M. (1999):** WTO homepage. from: <http://www.wto.org>
- World Development Indicator, (2011):** from: <http://data.worldbank.org/data-catalog/worlddevelopment-indicators>
- World Vision. (2005):** GMS human trafficking: a changing landscape. World Vision. from: www.wvasiahumantrafficking
- World Vision. (2009):** 10 things you need to know about trafficking