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# Human Trafficking in the United States

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# HUMAN TRAFFICKING IN THE UNITED STATES

by

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B.A., Southern Illinois University, 2016

A Research Paper

Submitted in Partial Fulfillment of the Requirements for the  
Master of Arts

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RESEARCH PAPER APPROVAL  
HUMAN TRAFFICKING IN THE UNITED STATES

By  
Ivan Vargas

A Research Paper Submitted in Partial  
Fulfillment of the Requirements  
for the Degree of  
Master of Arts  
in the field of Economics

Approved by:  
Andrea Sorensen, Chair

Graduate School  
Southern Illinois University Carbondale  
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AN ABSTRACT OF THE RESEARCH PAPER OF

IVAN VARGAS, for the Master of Arts degree in ECONOMICS, presented on APRIL 6, 2018, at Southern Illinois University Carbondale.

TITLE: HUMAN TRAFFICKING IN THE UNITED STATES

MAJOR PROFESSOR: Dr. Andrea Sorensen

This paper gives an overview of human trafficking across the global and a focus within the United States. This paper analyzes two variables: poverty and unemployment rate for the year 2012, 2014 and 2016. Furthermore, this paper will apply economic fundamentals concepts within the human trafficking market. As poverty and unemployment rates decline within the past years, the cases of human trafficking has double. There are more factors contributing the number of cases increasing in regards to human trafficking.

## TABLE OF CONTENTS

<u>CHAPTER</u>	<u>PAGE</u>
ABSTRACT.....	i
LIST OF TABLES.....	iii
LIST OF FIGURES.....	iv
MAJOR HEADINGS	
CHAPTER 1 – Introduction.....	1
CHAPTER 2 – Method.....	5
CHAPTER 3 – Results.....	8
CHAPTER 4 – Economics in Human Trafficking.....	10
CHAPTER 5 – Conclusion.....	13
REFERENCES.....	15
VITA.....	16

LIST OF TABLES

<u>TABLE</u>	<u>PAGE</u>
Table 1 - Reported Cases of Human Trafficking in Each State.....	7
Table 2 - Dependent Variable: # of cases reported in 2012.....	8
Table 3 - Dependent Variable: # of cases reported in 2014.....	8
Table 4 - Dependent Variable: # of cases reported in 2016.....	9

LIST OF FIGURES

<u>FIGURE</u>	<u>PAGE</u>
Figure 1 -Location of Potential Trafficking Cases .....	3
Figure 2 - Average Poverty Rates for year 2012, 2014, 2016 in each state .....	4
Figure 3 - Number of Human Trafficking Cases Reported .....	5
Figure 4 - Monopolistic Competition Model .....	11

## CHAPTER 1

### INTRODUCTION DEFINING HUMAN TRAFFICKING

The United Nations Office on Drugs and Crime define Human trafficking as Trafficking in Person as the recruitment, transportation, transfer, harboring or receipt of persons, by means of the threat or use of forces or other forms of coercion, of abduction, of fraud, of deception, or the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for exploitation. For exploitation, it includes the prostitution of others or other forms of sexual exploitation, forced labor or services, slavery or practices like slavery, servitude or the removal of organs.

As for the U.S. Government, it defines human trafficking as:

- Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age.
- Recruiting, harboring, moving or obtaining a person by force, fraud or coercion for the purposes of involuntary servitude, debt bondage or sexual exploitation.

#### *Human Trafficking on the Macro Level*

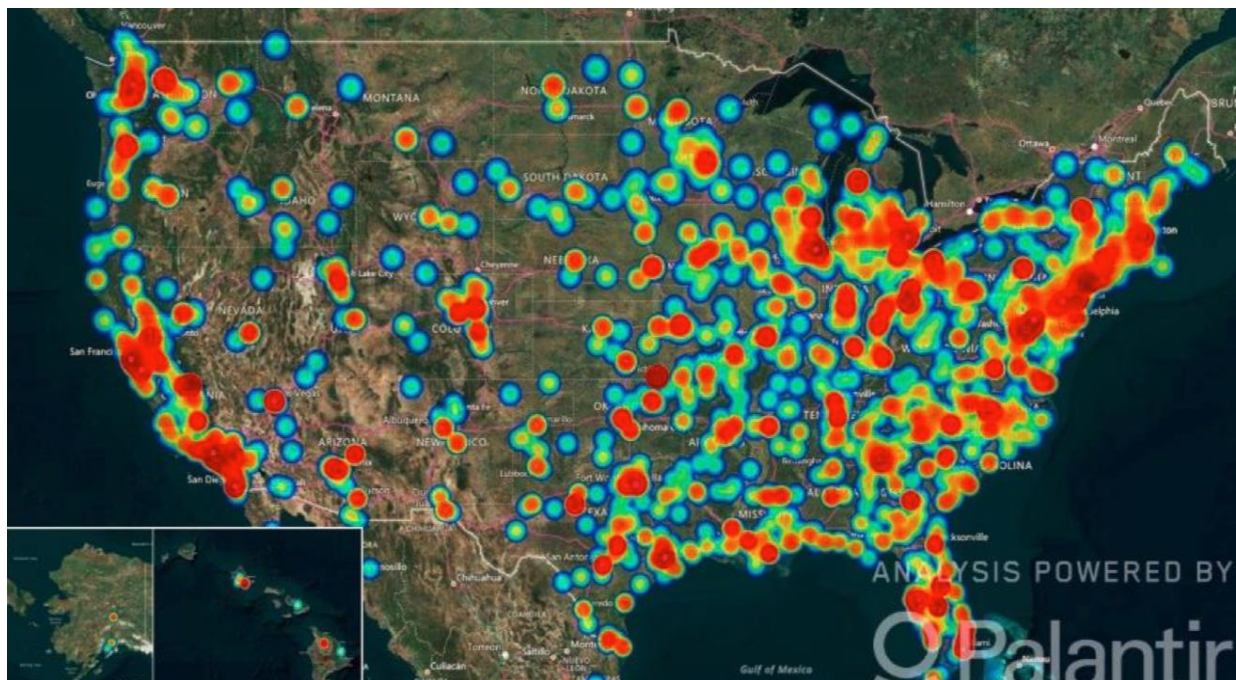
Many men, women and children become victims from the hands of traffickers. No country in the world is immune to this crime. As the world becomes more aware that a modern form of slavery exists, the eyes begin to see that human prey upon other humans for money. The International Labour Organization (ILO) estimates that there are 20.9 million victims of human trafficking globally, of whom 14.3 million are victimized in economic activities. Sixty-eight percent of them are trapped in forced labor, Twenty-six percent of them are children and 55% are women and girls. Furthermore, ILO estimates that forced labor and human trafficking is a \$150



billion industry worldwide. Making this industry second behind illicit drug markets, which is estimated to be a \$320 billion industry.

Many might know of the action thriller film, *Taken*, starring Liam Nesson. A former CIA operative tracks down his teenage daughter and friend after the two girls were kidnapped by Albanian sex traffickers while traveling in France. Throughout the film series, the movie settings take place internationally. As mentioned before, no country is immune from trafficking, not even the most well develop country: The United State of America.

The United States of America ranks as the world's second largest destination/market country (Mizus, Moody, Privado, & Douglas, 2003). The National Human Trafficking Resource Center reported that in 2016 there were 7,572 cases of human trafficking. Of those cases reported, 73% of it took in the form of sex trafficking, 14% in the form of labor trafficking, and the remaining percentage were both or not specified. The following graph gives the reader a visual image of the hotspots across the United States.

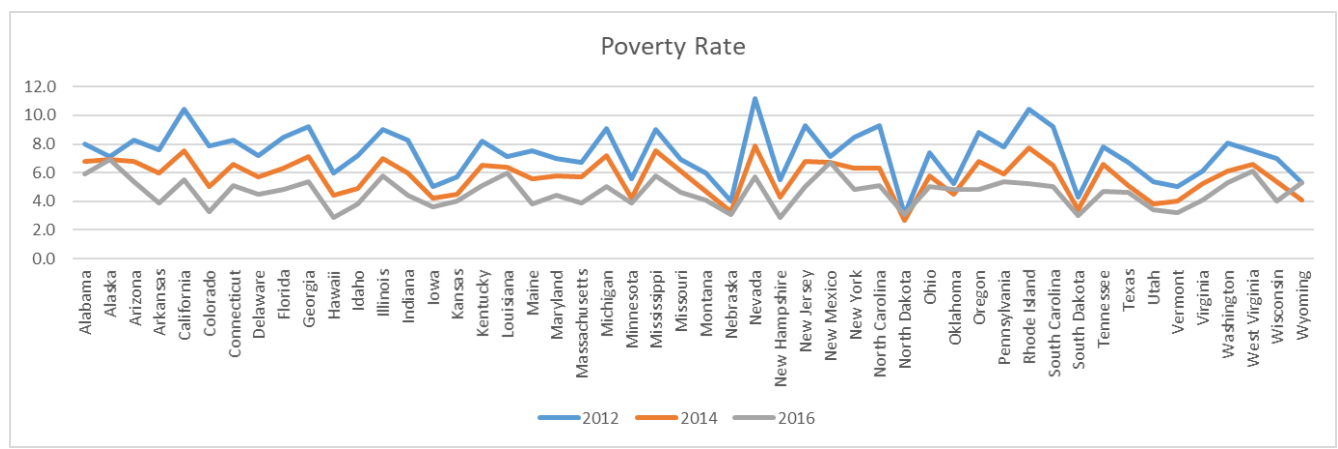


*Figure 1. National Human Trafficking Hotline Data Report  
United States Report: 1/1/2016 - 12/31/2016  
Location of Potential Trafficking Cases (Where Known)*

## *Unemployment*

Numerous international organizations have warned of the trafficking consequences of the ongoing financial crisis in 2007 (U.S. Depart. Of State). According to International Labour Organization, the economics crises has caused many to lose their job and push them into poverty. As many migrant workers lose their jobs, “traffickers and exploitative employers prey on an expanding pool of more vulnerable and unprotected workers” (U.S. Depart. Of State).

## *Poverty*



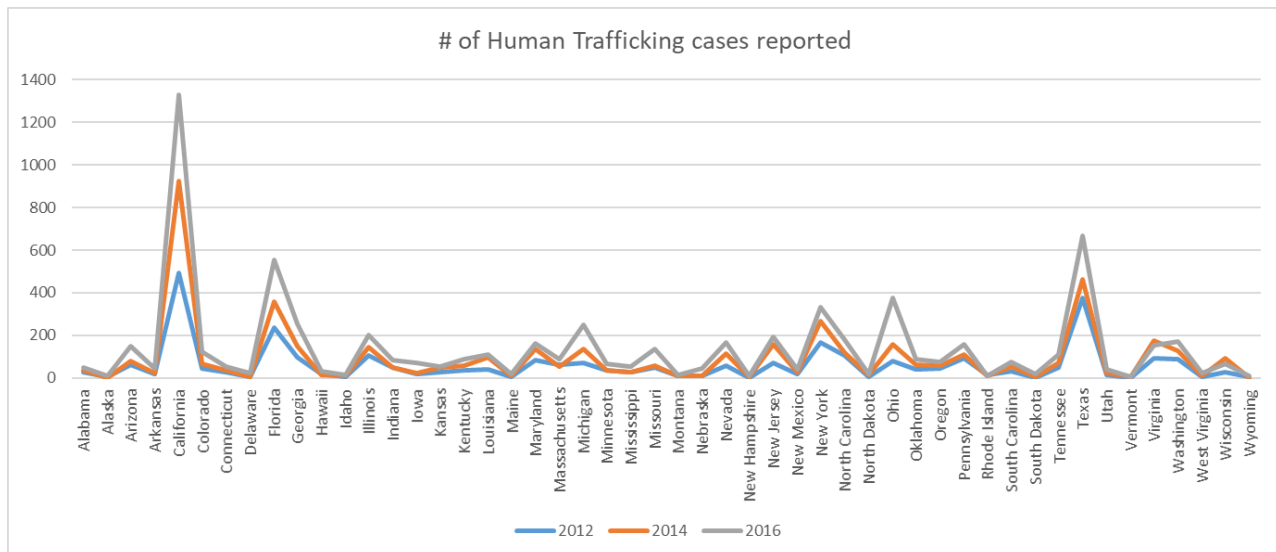
**Figure 2. Average Poverty Rates for year 2012, 2014, 2016 per state**

Poverty is a compelling factor in the human trafficking market. People who are poor live in communities of extreme poverty where there are limited resources and few opportunities for employment.

## CHAPTER 2

### METHODS

This study used data from The National Human Trafficking Resource Center to identify any correlation between the poverty rate of each state and the number of cases reported regarding human trafficking. The number of cases reported were collected for the years 2012, 2014 and 2016. A graph was created to show that there has been an increase in human trafficking throughout the years in the U.S. California, Texas and Florida are among the most cases reported. California's Office of the Attorney General acknowledges that California is the top destination states because of its state population, location on the border and high immigrant population. The same attributes can be applied for states of Texas and Florida.



**Figure 3. Number of Cases reported**

The number of cases reported was collected from the National Human Trafficking. The blue trend line is for the year 2012, orange trend line for 2014 and the grey trend line for the year 2016. There were 3,066 cases reported in 2012. In 2014, 4,741 cases of human trafficking were reported, a 35% increase of cases from two years ago. In 2016 there was 7,064 cases reported, a

33% increase in cases reported from 2014. From the cases reported in 2012 to 2016, there was an increase of 55% percent. Within four years, human trafficking cases have doubled.

**Table 1. Reported Cases of Human Trafficking in Each State (2012, 2014, 2016)**

U.S. States	12' Cases	14' Cases	16' Cases	% Change from 2012-2014	% Change from 2014-2016
Alabama	27	36	49	33.33%	36%
Alaska	7	3	10	-57.14%	233%
Arizona	60	78	150	30.00%	92%
Arkansas	17	21	46	23.53%	119%
California	493	923	1329	87.22%	44%
Colorado	46	67	122	45.65%	82%
Connecticut	27	36	54	33.33%	50%
Delaware	5	6	22	20.00%	267%
Florida	237	360	555	51.90%	54%
Georgia	98	148	255	51.02%	72%
Hawaii	19	14	30	-26.32%	114%
Idaho	6	10	13	66.67%	30%
Illinois	105	144	203	37.14%	41%
Indiana	51	50	84	-1.96%	68%
Iowa	20	24	72	20.00%	200%
Kansas	27	51	54	88.89%	6%
Kentucky	34	56	87	64.71%	55%
Louisiana	41	95	108	131.71%	14%
Maine	7	12	18	71.43%	50%
Maryland	84	137	162	63.10%	18%
Massachusetts	63	53	89	-15.87%	68%
Michigan	69	135	249	95.65%	84%
Minnesota	34	34	66	0.00%	94%
Mississippi	27	28	53	3.70%	89%
Missouri	48	58	137	20.83%	136%
Montana	10	12	15	20.00%	25%
Nebraska	11	11	43	0.00%	291%
Nevada	56	116	168	107.14%	45%
New Hampshire	1	5	12	400.00%	140%
New Jersey	73	156	195	113.70%	25%
New Mexico	18	29	39	61.11%	34%
New York	166	269	332	62.05%	23%
North Carolina	105	118	181	12.38%	53%
North Dakota	7	16	18	128.57%	13%
Ohio	81	158	375	95.06%	137%
Oklahoma	42	64	89	52.38%	39%
Oregon	45	57	76	26.67%	33%
Pennsylvania	91	109	157	19.78%	44%
Rhode Island	13	11	8	-15.38%	-27%
South Carolina	32	54	77	68.75%	43%
South Dakota	2	6	19	200.00%	217%
Tennessee	50	73	109	46.00%	49%
Texas	376	463	667	23.14%	44%
Utah	13	22	40	69.23%	82%
Vermont	3	6	5	100.00%	-17%
Virginia	92	177	154	92.39%	-13%
Washington	89	128	169	43.82%	32%
West Virginia	6	8	21	33.33%	163%
Wisconsin	27	91	66	237.04%	-27%
Wyoming	5	3	12	-40.00%	300%
<b>Total Cases</b>	<b>3066</b>	<b>4741</b>	<b>7064</b>		

## CHAPTER 3

### REGRESSIONS/RESULTS

**Table 2. Dependent Variable: # of cases reported in 2012**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-.029	.021		-1.349	.184
	Poverty12	.000	.001	.046	.305	.762
	Unemployment12	.006	.003	.339	2.228	.031

The unemployment rates for each U.S. state was obtain from the Labor Market Information. In the year 2012, the average unemployment rate in the United States was 7.3% and the average poverty rate that same year was 15.1%. The state of Nevada had the highest unemployment rate at 11.2% and Mississippi had the largest rate in poverty at 23.8%. The beta coefficient is the degree of change in the outcome variable for every 1-unit of change in the predictor variable. In the year 2012, 3,066 cases of human trafficking were reported. The unemployment rate in 2012 is statistically significant with  $p(.031) < .05$ .

**Table 3. Dependent Variable: # of cases reported in 2014**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	-.023	.024		-.970	.337
	Poverty14	1.564E-5	.002	.002	.009	.993
	Unemployment14	.008	.004	.296	1.734	.090

For the year 2014, the average unemployment rate in the United States was 5.7% and the average poverty rate that same year was 14.8%. Two years later, Nevada continues to have the

highest unemployment at 7.9% although it decreased by 3.3%. Furthermore, Mississippi as well continues to have the highest poverty rate at 21.9% in 2016. For the year 2016, 4741 cases of human trafficking were reported. The unemployment rate in 2014 show that it is not significant with our p-values (.090) > .05.

**Table 4. Dependent Variable: # of cases reported in 2016**

		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
Model						
1	(Constant)	-.013	.023		-.571	.571
	Poverty16	.001	.002	.053	.309	.759
	Unemployment16	.006	.005	.180	1.041	.303

For the year 2016, the average unemployment rate was 4.6% and the poverty rate on average was 13.4%. There was a decrease in percentage in both sectors. Alaska had the highest unemployment rate at 6.9% and Mississippi remains the state with the highest poverty rate at 21% although a very small decrease from 2014. For the year 2016, 7,064 cases of human trafficking were reported.



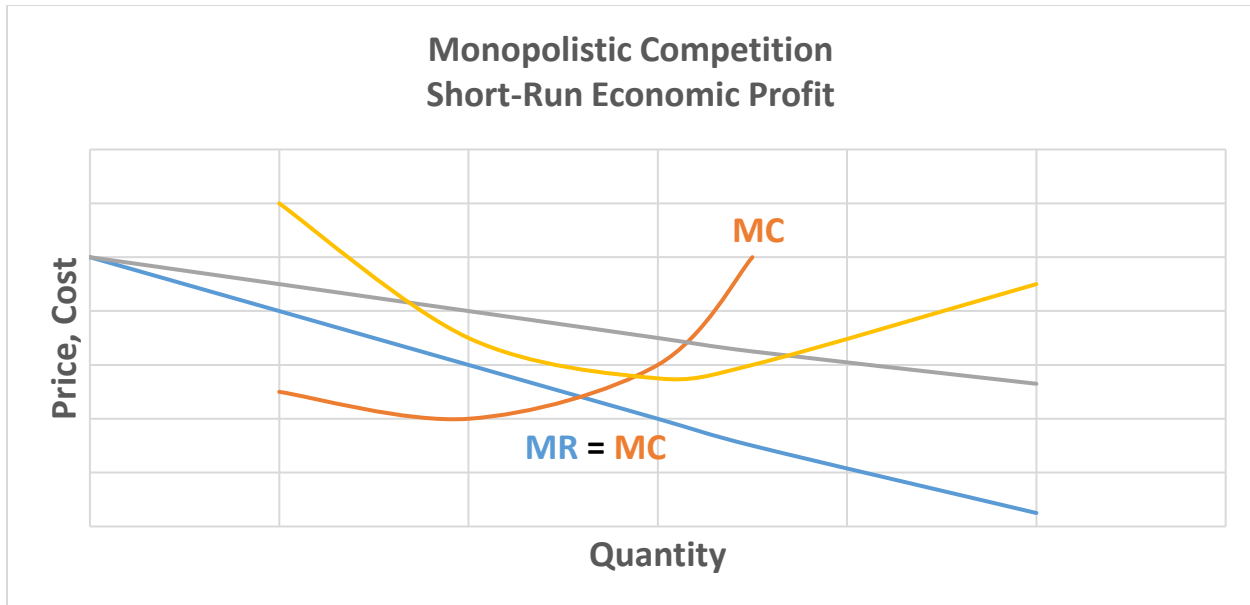
## CHAPTER 4

### ECONOMICS OF HUMAN TRAFFICKING

Those who have taken an introduction course in economics should be able to define the term that economics deals with limited resources. How those resources are properly used depends the incentive of humans. This section will present an economic model of human trafficking.

#### *The Market*

Human trafficking can be viewed as a monopolistic competitive industry (Wheaton, Schauer and Galli, 2009). There are few barriers to entering the market, as long as traffickers see profit, or few barriers in existing the market if it is not profitable. A monopolistic competition has a downward sloping demand curve, its marginal revenue is less than the market price because it can only increase demand by lowering the price. The demand curve is elastic because although many traffickers in the market are “selling” differentiated victims, many are still close substitutes. In the short run, the human trafficker gains economic profit by selling at a price above the average total cost (ATC) of trafficking persons. Average total cost includes average fixed costs and average variable costs. The margin revenue is the additional revenue from the last unit supplied. As for marginal cost, it is the additional cost to the trafficker of the last trafficked person supplied.



**Figure 4. Monopolistic Competition Model**

$$\text{Short-Run Profit} = (\text{Price} - \text{ATC}) \times \text{Quantity}$$

Although the industry is competitive, the individuals that traffickers offered allows them to have some control over the price. "Price the trafficker will receive is based on availability of the desired product, characteristics of the product, the number of similar products available, and the negotiating acumen of the human trafficker (Wheaton, Schauer and Galli, 2009). This market can be highly attractive for criminals and the investment/start-up costs are small. Unlike drugs or arms trade, Vayrynen (2005) stated, "people are a good commodity as they do not easily perish, but they can be transported over long distances and can be reused and resold".

### *The Victims*

Traffickers often target individuals who have previous experiences of psychological trauma, histories of violence, homelessness and other social issues one can encounter.

Trafficking victims fall prey to this practice because they either seek a better life or are promised better economic opportunities. (Bales, 2007). These individuals “humans” are considered the “good and services” within the human trafficking market. With the false pretense of a better future, these individuals find out that they have several “debts.” Traffickers convince victims that they have no other choice but to work for the trafficker and pay back the exorbitant amount of debt they have accumulated.

### *The Demand*

Demand is the consumer’s need or desire to own the product or experience the services. Demand is the underlying force that drives everything in the economy; especially within the human trafficking market. Without demand, there is no business. The consumer has a goal and that is paying the lowest price to receive the highest benefit.

## CHAPTER 5

### CONCLUSION

Combating human trafficking is no simple task. A wide range of action is needed on the federal level in the United States. Bales (2007) states that two major tools for fighting human trafficking are awareness and resources. “Awareness raising campaigns include everything from radio and television ads to education programs at schools, to posters at airports providing telephone hotline numbers for incoming passengers to call should they become victims of trafficking” (Aronowitz, 2009).

“Throughout the world, many countries have implemented some form of legislation prohibiting human trafficking, at least 70 countries amended their criminal codes making trafficking in persona a specific offense. Furthermore, 38 countries have enacted trafficking legislation that provides for measures to protect and assist trafficked victims” (Aronowitz, 2009). As for the United States, on February 14, 2016, Senator Corker introduced a bipartisan legislation to help eliminate slavery and human trafficking around the globe (U.S.Senate). Six months later, Congress passed the End Modern Slavery Initiative legislation. According to Bob Corker senate’s website, the legislation authorizes funding for a non-profit, grant-making foundation in the District of Columbia that will fund programs and projects outside the United States. These programs will:

- Contribute to the freeing and sustainable recovery of victims of modern slavery, prevent individuals from being enslaved, and enforce laws to punish individual and corporate perpetrators of modern slavery;
- Set clear, defined goals and outcomes that can be empirically measured; and

- Seek to achieve a measurable 50 percent reduction of modern slavery in the areas the foundation operates.

### ***Further Research***

Looking at the data, from the year 2012 to 2016, both unemployment and poverty rates in the United States has been declining. However, the number of cases of human trafficking has double within that period. There might be other factors causing these number of cases to increase. A few factors could be the use of the internet; communication might make traffickers be well connected than before. Another factor might be looking at the migration rate entering the country or within states. Another suggestion would be looking at the poverty rate in Mississippi. The state has had the highest poverty rate in the country for a consistent time, even though the state has a small number of human trafficking cases reported.

Human trafficking occurs every part of the world and affects men, women, and children. It is not only the government's job to focus on human trafficking but its citizens should as well. Becoming aware and educating others, especially the youth, about human trafficking might be slightly reduce the problem. As for those in top officials, there should be harsh punishments and actively targeting the demand side of human trafficking. As mentioned before, if there is no demand, there is no business.

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