



Migrant smuggling[☆]

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ABSTRACT

We analyze a model of the migrant smuggling market where smugglers differ in the capacity to exploit their clients' labor at the destination. We suggest that destination countries with limited resources may prefer to improve the apprehension of smugglers and their clients at the border rather than inland, although either one of these anti-smuggling measures would reduce migrant exploitation. The reason is twofold. First, even if the resulting improvement in border apprehension alone cannot eliminate smuggling, it can do so when combined with a severe penalty for smuggling. Second, even if it is impracticable to set the penalty for smuggling sufficiently high, improved border apprehension reduces smuggling by discouraging existing exploitative smugglers from smuggling, whereas improved inland apprehension either maintains or even increases it by inducing them and those who are not currently smuggling to take up nonexploitative smuggling.

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1. Introduction

This paper presents an analytical model of the migrant smuggling market where smugglers are heterogeneous in terms of their capacity to exploit smuggled migrant labor. Migrants lose control over the assets they carry with them—their bodies and labor—once the provision of smuggling services is implemented because they are required to obey smugglers in order to achieve a successful border crossing. As there are no legally enforceable contracts between the providers and the consumers of the illicit services, the migrants cannot ensure that they will not be taken advantage of by their smugglers. These migrants are thus vulnerable to abuse by their smugglers. We attempt to shed some light on the relationship between the fight against assisted clandestine migration and the incidence of abuse of illegal migrants.¹

There has been little analysis of the migrant smuggling market in economics so far, even though people smuggling and trafficking have become a major international concern.² (In this paper, let trafficking mean smuggling that involves exploitation of smuggled migrants.³)

² For instance, a recent report by the [Global Commission on International Migration \(2005\)](#) touches on the related problems throughout the text. At the same time, its acknowledgment section on page 88 indicates that economists' contributions to the report were scarce.

³ The terms, smuggling and trafficking, have been used interchangeably by some researchers and practitioners but with clear distinction by others. A lack of consensus on the use of the terms complicates the analysis of these activities: see Salt and Hogarth in [Laczko and Thompson \(2000: 18–23\)](#). However, recent effort to create legal instruments to fight against human smuggling and trafficking has provided some distinction between these activities. In December 1998, the UN General Assembly established an ad hoc committee for the purpose of setting up its Convention against Transnational Organized Crime and supplementing protocols specific to human smuggling and trafficking. As a result, the Protocol against the Smuggling of Migrants ([UN, 2000b](#)) entered into force on January 28, 2004, while the Protocol to Prevent, Suppress and Punish Trafficking in Persons ([UN, 2000a](#)) did so earlier on the Christmas Day of 2003. In this paper, we closely follow Articles 3(a) and 3(b) in these two protocols. Our working definitions are that a *smuggler* is an organization which provides illegal border crossing services, while a *trafficker* is an organization which also provides the same border crossing services but with exploitation of its clients after successful smuggling. By these definitions, traffickers form a subset of smugglers. In our analysis from [Section 3](#), we will call traffickers *exploitative smugglers*, and the other smugglers *nonexploitative smugglers*. Whether or not exploitation of migrants is involved is often taken as a distinguishing criterion between trafficking and smuggling, e.g. [Kelly and Regan \(2000: 3\)](#), [Salt \(2000: 33–4\)](#), and [Interpol \(www.interpol.int\)](#). We define *exploitation* as that of labor of a smuggled client, and we ignore, for the sake of economic analysis, elements of intimidation and violence that seem often involved in both trafficking and smuggling. These working definitions will become clear when we describe our analytical framework in [Section 3](#).

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¹ We thus provide a response to one of [Väyrynen's \(2003: 3\)](#) criticisms about economic approaches to migrant smuggling: inadequate attention paid to its exploitative aspects.

Friebel and Guriev (2006) theoretically examine the interaction between migrating workers and smugglers. In their model, not all workers can pay for smuggling services up front. A worker may therefore enter into a debt contract with a smuggler if migrating and must then pay back the debt through work at the destination. They show that while stricter border enforcement discourages both financially constrained and unconstrained workers from migrating illegally, better detection of illegal migrants working in the legitimate sector discourages the illegal entry of the latter type but encourages that of the former, biasing the composition of illegal immigrants toward the poorer end. In their model, smugglers face the risk that migrants may default on their debt repayments, while migrants do not face the risk of exploitation by their smugglers.⁴

Dessy and Pallage (2006) theoretically argue that the risk of child trafficking may deter parents from sending their children to labor markets. Therefore, efforts to reduce the incidence of child trafficking increase the parental supply of child labor. They focus on household utility maximization with respect to the supply of child labor, and do not model traffickers explicitly. Dessy et al. (2005) present a general equilibrium model with producers who choose between legitimate work and child trafficking. They emphasize the importance of demand for trafficked children in influencing the incidence of child trafficking. These two studies address the issue of abuse, but children are treated as commodities and not as decision makers. Neither of these studies covers the problem we examine in this paper.

In our model, workers wishing to migrate are randomly matched with smugglers. Each smuggler then proposes a fee for an illegal border crossing which the matched worker may or may not accept. An acceptance requires the worker to agree to submit to the smuggler in order to achieve a successful border crossing. This gives the smuggler a chance to use the client's labor to its own advantage at the destination. However, smugglers differ in their capacity to exploit smuggled labor, and hence not all smugglers utilize the opportunity to exploit. Assuming that it is ideal to eliminate the incidence of both migrant exploitation and migrant smuggling, our analysis suggests that the destination country with limited resources may prefer to invest in improving the border apprehension of smugglers and their clients rather than the inland apprehension of them, although either one of these anti-smuggling measures would reduce the incidence of migrant exploitation. There are two reasons.

First, although the resulting improvement in border apprehension alone may not be sufficient to eliminate smuggling, it can do so when combined with a sufficiently high penalty for smuggling. Given the relative inexpensiveness of increasing the penalty for smuggling through legislation, this combination is probably the destination country's preferred course of action. Second, in many cases, it can be impracticable for destination countries to set the penalty for smuggling high enough to deter smuggling entirely because penalties for different illegal activities are generally set in relative terms, e.g. a sufficiently high penalty for smuggling might well need to exceed the existing penalty for homicide. Such countries cannot eliminate smuggling, whether investing their limited resources in improving the apprehension of smugglers and their clients at the border or inland. However, improved border apprehension does decrease the incidence of smuggling attempts by causing existing exploitative smugglers to become unemployable in the market. Improved inland apprehension, on the other hand, either maintains or even increases

smuggling by inducing exploitative and unemployed smugglers to take up nonexploitative smuggling.

In Section 2, we gather stylized facts about the migrant smuggling market from descriptive, noneconomic studies. The reason for this section is that there has been little work on this topic in economics. Section 3 presents and analyzes our model. We derive policy implications in Section 4. Section 5 concludes.

2. Stylized facts

Several noneconomic studies have made crude estimates of the scales of people smuggling and trafficking, based on apprehension data, court cases, survey questionnaires, interviews, and best guesses. Salt (2003: Table 20) gathers and compares such estimated figures and suggests that the annual global total of either smuggled or trafficked migrants was approximately 4 million in the second half of the 1990s. According to the US government (USDS, 2004: 23), approximately 600,000 to 800,000 persons were trafficked across international borders worldwide in 2003. Although the figures are not directly comparable, the incidence of trafficking appears lower than that of smuggling.⁵

This section provides only a selection of stylized facts that are relevant to our analysis.⁶ Note that, although increasingly available surveys of smuggled and trafficked migrants reveal the demand side of the market, its interaction with the supply side, and the consequences, they do not inform us of much about the supply side, i.e. smugglers and traffickers. Studies of smugglers and traffickers describe their characteristics and activities by referring to mass media reports or quoting what was told by police officers, crime investigators, immigration officers, charity personnel, and smuggled and trafficked migrants. Very little information comes from smugglers and traffickers themselves, and hence our knowledge of the supply side of the market seems limited.

2.1. Motives for migration

Existing surveys of smuggled migrants, victims of trafficking, and the like suggest that although economic reasons are not the only factors that influence migration decision making, these are the major factors.⁷ They can be divided into two: economic hardship, such as unemployment and poverty, in home countries and better economic prospects in destination countries. The former is the so-called economic push, and the latter the economic pull.

Economic hardship was found to be the most common reason for migration among smuggled or trafficked migrants in Armenia (IOM, 2002a: 16), Georgia (IOM, 2001: 14), Ukraine (Uehling, 2004: 90–1), and Southeastern Europe (CTRC, 2003).⁸ Bickley (2001: 27) finds the same in Azerbaijan, but IOM (2002b: 16–7, 21) suggests that both push and pull factors simultaneously influence an individual's migration decision in the country: there is no incentive for migrants to leave their country if economic prospects are not thought to be any better overseas. There also seem to be those migrants whose decisions are influenced purely by the economic pull. Pieke (2002: 32) and Chin (1999: 14, referred by Skeldon, 2000b: 17) find that such individuals are common in China. Lăzăroiu and Alexandru (2003: 34–7) find that

⁴ Guzman et al. (2008) model migrant smuggling explicitly, but their analysis in a two-country dynamic general equilibrium framework treats smugglers as suppliers of cost-saving border crossing services, and migrants do not face the risk of exploitation by their smugglers. It belongs to the theoretical macroeconomic literature on illegal immigration and border enforcement that began with Ethier (1986), Djajić (1987), and Bond and Chen (1987), and does not provide microeconomic analysis of interactions between migrants and smugglers.

⁵ We should remain skeptical of these estimates, for the nature of people smuggling and trafficking is clandestine. However, the UK government (IND, 2001: 75) has also expressed the same view that trafficking takes place less frequently than smuggling, concerning illegal immigration in the country. See also IOM (2002a) for Armenia and Budapest Group (1999: 15).

⁶ Salt and Hogarth provide a descriptive empirical literature review in Laczo and Thompson (2000).

⁷ Noneconomic reasons include civil war, ethnic conflict, political persecution, family/relationship problems at home, family reunion, and the desire for adventure.

⁸ See also IOM (1996).

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