

Economics & Sex Trafficking Lesson Plan

SUBJECT AREA(S)

Economics

TIME

60 – 90 minutes

AUDIENCE

Middle + High School Students

OBJECTIVES

- To gain knowledge and understanding of sex trafficking.
- To understand the relationship between supply and demand in the sex trafficking market.
- Apply understanding of the relationship between supply and demand to examine the negative externalities associated with sex trafficking.

PURPOSE

- To understand how the forces of supply and demand interact in the sex trafficking market.
- Apply knowledge of supply and demand to identify negative externalities.
- Identify factors in sex trafficking that would be considered a negative externality.

AP MICROECONOMICS CORE STANDARDS

Standard 4. Students will understand market failure and the role of government.

ACTIVITY: Sex Trafficking Supply and Demand**Materials and Equipment:**

Access to the Internet

PART ONE: INTRODUCTION TO SEX TRAFFICKING

As an introduction, ask the students to define domestic sex trafficking. Include the activities of each role: sex trafficker (pimp), sex buyer (john), and sex trafficking victim. Write their answers on the board under the three roles.

1. Explain the Trafficking Victims Protection Act (2000) to the class.

TVPA: “The TVPA of 2000 is the cornerstone of Federal human trafficking legislation, and established several methods of prosecuting traffickers, preventing human trafficking, and protecting victims and survivors of trafficking. The act establishes human trafficking and related offenses as federal crimes, and attaches severe penalties to them. It also mandates restitution be paid to victims of human trafficking. It further works to prevent trafficking by establishing the Office to Monitor and Combat Trafficking in Persons, which is required to publish a Trafficking In Persons (TIP) report each year. The TIP report describes and ranks the efforts of countries to combat human trafficking. The act also established the Interagency Task Force to Monitor and Combat Trafficking, which assists in the implementation of the TVPA. The TVPA protects victims and survivors of human trafficking by establishing the T visa, which allows victims of human trafficking, and their families to become temporary U.S. residents and eligible to become permanent residents after three years.” (Source: <https://polarisproject.org/current-federal-laws>)

TVPA Definition of Sex Trafficking: 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.

- **NO ONE UNDER THE AGE OF 18** can sell their body, they are automatically a sex trafficking victim.
- Adults must prove that they were forced to exchange sex for something of value (money, drugs, place to stay, transportation, food, protection, etc.) through means of **FORCE, FRAUD, or COERCION**.
- **FORCE:** can include kidnapping, drugging, physical assault, assault with a weapon, sexual assault.
- **FRAUD:** can include tricking the victim into believe that the trafficker loves her/him; telling the victim s/he is going to be a model or a star, offering to provide basic needs without explaining the true intention or what is required in return.
- **COERCION:** (a) threats of serious harm to or physical restraint against any person; (b) any scheme, plan, or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person; or (c) the abuse or threatened abuse of the legal process (Source: TVPA).

2. Discuss the roles of the sex trafficker (pimp), sex buyer (john), and sex trafficking victim.

Ask students if they are able to discuss what each role entails. Write their answers on the board under the three roles.

Suggested language:

Sex trafficker or pimp: This is the person that recruits victims, through love, force, or event by providing for their basic needs, like food or a place to stay. The sex trafficker or pimp links the sex trafficking victim to sex buyers. This person controls the behavior of the victim and collects the money made from exchanging sex by the victim. Sex traffickers can be extremely violent and will resist the victim's attempt to leave by any means. A sex trafficker can be any gender and can be a mother, friend, boyfriend, or anyone.

Sex buyers: These are most often men who shop for prostituted persons on the street, in strip clubs, in massage parlors, through escort services, and online.

Sex trafficking victims: Victims can be male, female, transgender and of any race and sexual orientation, and of any age – including under the age of 18. They are often lured or romanced into sex trafficking by an older person through promises of money, success/fame, a future together, or through threats of exposure (to parents/friends/school/church).

3. Review the warning signs of a sex trafficking situation.

- S/he's dating an older guy (he might give you the creeps)
- S/he's super secretive about him
- He buys her/him lots of expensive presents
- He made her/him get a weird tattoo
- S/he has lots of unexplained cash
- S/he shops for clothes and stuff you know s/he cannot afford
- S/he has a second cell phone
- You find hotel room keys in her purse
- S/he has cuts and bruises
- S/he has a fake ID
- S/he has been really depressed, nervous, tense or afraid
- S/he misses a lot of school or dropped out of school
- Grades have dropped out of the blue
- S/he runs away a lot and avoids her/his family and friends
- You never know when s/he's telling the truth
- S/he started drinking or doing drugs
- You feel like s/he is brainwashed

PART TWO: NEGATIVE EXTERNALITIES

- Ensure that students have a basic understanding of supply and demand.
- Build upon knowledge of supply and demand to discuss negative externalities of sex trafficking.

Externality: “Spillover” from a production or consumption decision.

Negative Externality: A cost that is imposed on others resulting from some person (s) or group (s) activities.

Example:

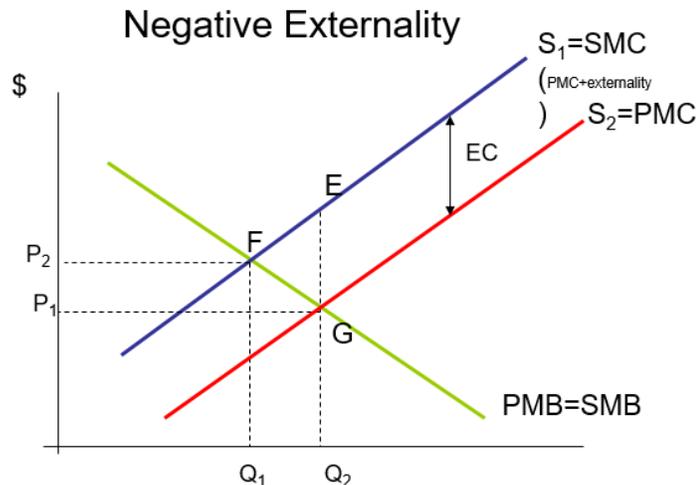
A farmer sprays pesticides on his crops.

The farmer imposes a cost on others but does not even realize it – so there is a social marginal cost for society and a private marginal cost for individuals living near the farm. Spraying the crops leads to chemicals leeching into the ground water that affects the neighboring individuals that use that water.

The SMC for society = PMC + externality

The PMC for firm = farmer’s costs (not including the harm he/she is doing)

What does it look like in terms of a supply and demand curve?



PMC= Private Marginal Cost -cost to the individual

SMC= Social Marginal Cost – cost to society

PMB= Private Marginal Benefit – benefit to the individual

SMB= Social Marginal Benefit – benefit to society

Check understanding of negative externality:

What are examples of the negative externality associated with sex trafficking?

- Increased criminal activity (i.e. drugs, violence, weapons)
- Economic strain on government to arrest and prosecute traffickers
- Communicable diseases
- Loss of value of individuals as human beings

Activity One: Reading and discussion on negative externality

Chapter 7 in Andre Nolkaemper, Michael Zurn and Randy Peerenboom (eds.), *The Dynamics of the Rule of Law*, Cambridge: Cambridge University Press (2012), pp. 167-170

- Reading handout found at the end of this lesson plan
- Full article link: https://scholar.harvard.edu/files/bsimmons/files/lloyd_simmons_stewart_-_hiil.pdf

Discussion Questions:

1. How do laws help to curb the negative externalities of sex trafficking?
2. What are some of the issues with current sex trafficking laws that result in negative externalities?
3. In your opinion, what law would you enact to address sex trafficking?

Activity Two: Have students research various state, local, or international laws addressing sex trafficking and identify how the law helps address the negative externalities that arise from sex trafficking or cause other negative externalities on society.

Demand Reduction Organizations:

Cities Empowered Against Sexual Exploitation (CEASE Network) <https://www.ceasenetwork.org/>

Demand Abolition <https://www.demandabolition.org/>

Demand Forum.net <http://www.demandforum.net/>

Global Centurion <http://www.globalcenturion.org/>

Harvard Kennedy School Carr Center for Human Rights Policy Initiative to Stop Human Trafficking
<http://carrcenter.hks.harvard.edu/>

References and Helpful Websites:

<https://www.forbes.com/sites/toriutley/2016/01/27/the-trauma-economy-the-demand-for-sex-trafficking-and-the-fight-to-end-it/#28de65d876af>

Demand Abolition <https://www.demandabolition.org/>

The Hustle: Economics of the Underground Commercial Sex Industry
<http://apps.urban.org/features/theHustle/index.html>

UNODC on human trafficking and migrant smuggling
<https://www.unodc.org/unodc/human-trafficking/>

Combating Transnational Crime:

The Role of Learning and Norm Diffusion in the Current Rule of Law Wave

by Paulette Lloyd, Beth Simmons, and Brandon Stewart

4.2.1 Negative Externalities (pages 167-170)

To appreciate the role that externalities potentially play in the global diffusion of law aimed to combat human trafficking, one must appreciate the potential threat posed by these practices to the health of societies in which trafficking flourishes, and to the authority of the state itself, especially to those states that have struggled to develop and maintain institutions of fair, transparent, and legitimate governance. The challenge to state authority starts at the national borders: Trafficking potentially corrupts immigration and border control officials. Kara estimates that trafficking was so heavy and bribery so common at the border between Nepal and India that it drove the illicit price of entry to a mere 2–5 percent of the final price of the trafficked individual (Kara 2009). Trafficking not only corrupts officials of the state, it also means a loss of sovereign control over the territory of the state itself.

Governments also have to worry about the negative externalities associated with criminal economies of scale. Even if a government has no particular sympathy with modern-day slaves, traffickers are increasingly linked to broader criminal networks that operate by using similar transit routes and networks. Traffickers in human beings often use the same connections as do smugglers of weapons, drugs, and other contraband. There is also the potential for organized crime and terrorist organizations to join forces, a potential that is increasingly being realized in various parts of the world (Jonsson 2009). Evidence 16 suggests that terrorist organizations from the FARC guerrillas in Colombia to the Wa State army in Burma, and from the PKK in Turkey to the ETA in Spain, have used narcotics smuggling as a source of income (Cornell 2009); human trafficking, using the same channels, is potentially an additional income stream.

Finally, human trafficking can result in a whole range of consequences that could be socially or politically destabilizing. Among these are the spread of violence, communicable diseases, and severe psychological and physical damage to victims. Where human exports consist mainly of large numbers of young women, it can contribute to processes of demographic decline already underway, as in the case of Russia, Ukraine, and Moldova (Shelley 2009). Because trafficking numbers are unavailable, it is impossible to quantify these impacts with any precision. But the point is this: Human trafficking is a violent and socially corrosive activity, typically connected with broader networks and almost inevitably conducive to corruption of public officials. Although it may line the pockets of perpetrators and some officials, it is generally detrimental to public health, political stability, and the domestic rule of law in both sending and receiving countries (Jonsson 2009). For these reasons, “It would seem to be in the interest of most states to cooperate with other states in the fight

against trafficking. The only exception would be if the state itself somehow makes a profit on the trafficking in persons directly or indirectly[,] which may very well be the case” (Österdahl 2009).

New information is often critical to the policy choices states make and, as we have illustrated in Figures 13 and 14, there has been a huge increase in information relating to the human trafficking problem over the past decade.^{14 17} Indeed, it is possible that policy makers are becoming more aware of trafficking and its consequences in their own jurisdictions than they were only a few years ago. As information increases about the range and nature of the problem, we might expect governments self-interestedly to embrace anti-trafficking norms. In addition, governments are increasingly likely to anticipate the consequences of policies designed to clamp down on human trafficking elsewhere. The flexible and ad hoc nature of trafficking networks means that criminalization and law enforcement decisions in Country A can block and rechannel criminal activities in ways that negatively impact nearby countries. Patrick Keenan (2006) gives the example of how the more vigorous prosecution of sex trafficking in the United States has likely led to an increase in sex tourism to other jurisdictions. Similarly, when the United States cracked down on Puerto Rico’s participation in drug transit between South America and the United States, drug traffickers descended on Haiti (Gros 2003). Governments sensitive to negative externalities are likely to anticipate the consequences if other countries in their neighborhood criminalize human trafficking, and they do not. Anticipation of spillover effects could cause governments to update their expectations about the relative costs and benefits of criminalizing trafficking and enforcing the law within their own jurisdiction. The very fluidity of transnational crime provides strategic incentives to harmonize policies with neighbors to avoid becoming the weak link in the law enforcement chain.

If the current wave of transnational criminal law can be explained at least in part by a growing appreciation of the negative externalities associated with human trafficking, several patterns should be observable in state behavior. First, ¹⁸ we would expect states that experience the trafficking problem to be among the first to accept stronger anti-trafficking norms embodied in legally binding treaties and domestic criminal law reform. Countries of origin, those plagued by internal trafficking, and destination countries should all be far more eager to criminalize and commit to international agreements than their relatively unaffected counterparts. Second, the externality argument can be tested by looking at the response of so-called Country A to the policies of other countries within its region. Specifically, we expect that if nearby countries criminalize human trafficking, expectations of spillovers as criminal networks set up shop in lower risk jurisdictions will encourage others to criminalize as well. We use the density of criminalization events in the region as a reasonable proxy for updating information about negative externalities.