



Migration for degrading work as an escape from humiliation

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ABSTRACT

This paper develops a model of voluntary migration into degrading work. The essence of the model is a tension between two “bads:” that which arises from being relatively deprived at home, and that which arises from engaging in humiliating work away from home. Balancing between these two “bads” can give rise to an explicit, voluntary choice to engage in humiliating work. The paper identifies conditions under which a migrant will *choose* to engage in degrading work rather than being forced into it, to work abroad as a prostitute, say, rather than on a farm. The paper delineates the possible equilibria and finds that greater relative deprivation will make it more likely that the equilibrium outcome will be “engagement in prostitution.” It is shown that under well specified conditions, every individual will work as a prostitute, yet every individual would be better off working on a farm. Put differently, when specific conditions are satisfied, there is a possibility of a “coordination failure:” if individuals believe that everyone else will choose to be a prostitute, this belief will be self-fulfilling. In this case, all the individuals choose to engage in prostitution, which renders each of them *worse off*. The paper discusses various policy implications. It is shown that a policy intervention (a crackdown on migrants’ engagement in prostitution), if implemented strictly, can increase everyone’s welfare, but when the policy is implemented loosely, cracking down on prostitution will only reduce individuals’ welfare without reducing their engagement in prostitution.

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1. Introduction

It often seems puzzling that many migrants take degrading jobs as virtually slave labor. Some claim that this is a result of human trafficking. Indeed, as frequently portrayed in the media, migrants are exploited, fooled by ruthless employment brokers. While there is no denying that migrants can be exploited because of their lack of information, one wonders whether this argument is sufficient to explain why a good many migrants from specific communities persist in working almost as slave labor (for example, in the sex trade).

Thus, we have two distinct explanations for why migrants end up working almost as slave labor: either they are being deceived, tricked into bondage; or they willingly undertake degrading employment because they witness in their home community the financial success of former migrants. While the *rewards* of migrants’ work are visible in the community of

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origin, the *conditions* of their work are not. People in the home community see the glitter that results from degrading work; the work experience itself in foreign lands is unseen, and often disguised.

In this paper, we seek to provide an explanation as to why migrants engage in degrading work, why the financial rewards prevail over dreadful conditions. To this end, we develop a model of migrants' voluntary engagement in degrading work. The model has important implications for public policy since the optimal policies differ drastically when the said engagement is voluntary rather than involuntary. Without loss of generality we draw on the particular example of migration from a village in Moldova. We do so because the evidence suggests that in Moldova women migrate abroad directly from their home villages; because several international organizations and agencies consider much of the migration of women from Moldova to be for prostitution (UNICEF, 2002), or Moldova to be a major source of women migrating for commercial sex (CIA, 2008); because, by at least one measure, the proceeds of migration affect economic life in places of origin in Moldova more than in any other country – remittances are reported to constitute 36.2% of GDP in 2006, the highest percentage worldwide (Ratha and Xu, 2008); and because a solid majority of “students” (a full 70%) are reported to “think that work in the sex industry abroad is a good way to earn money,” more than in any other Southeast European country (UNICEF, 2002, p. 27). But our argument applies also to migrant workers from villages and towns beyond Moldova who perform humiliating work in degrading conditions that verge on slavery in sectors well beyond prostitution such as migrant workers from rural Burma who toil on Thai fishing boats (ILO, 2006) and Vietnamese migrant workers aboard Taiwanese fishing vessels (*worldfishing*, July 1, 2009).

In our model, utility is determined by income, income relative to the incomes of others (relative deprivation), and the humiliation of engaging in degrading work (such as prostitution). We consider the situation in which a migrant *chooses* to engage in degrading work, that is, to work abroad as a prostitute rather than, say, on a farm. We build on the assumption that concern about humiliation, which is sensed when working as a prostitute, but not when working on a farm, declines with the number of the individuals from the place of origin who *choose* to become prostitutes. We show how this concern is shaped by relative deprivation considerations. We delineate the possible equilibria, and show that a greater concern for relative deprivation renders it more likely that the equilibrium outcome will be “engagement in prostitution.” We then calculate the levels of welfare associated with the various equilibria. We show that under well specified conditions, every individual works as a prostitute, yet every individual would be better off working on a farm. Put differently, when certain conditions are satisfied, there is a possibility of a “coordination failure:” if individuals believe that all the others choose to be prostitutes, this belief will be self-fulfilling. In this case, all the individuals choose to engage in prostitution, which renders each of them *worse off*.

We discuss various policy implications. Under well specified conditions, a policy intervention (a crackdown on migrants' engagement in prostitution) can increase every individual's welfare if the policy is implemented strictly. But when the policy is implemented loosely, cracking down on prostitution will only reduce individuals' welfare without reducing their engagement in prostitution.

A good many empirical studies show that interpersonal comparisons of income have a significant effect on individuals' behavior.¹ Also, Postlewaite (1998) argues vividly that since high rank has conferred an evolutionary advantage in the competition for food and mating opportunities over millennia, envy is likely to be hardwired (part of the genetic structure).² And the idea that relative deprivation affects migration is not a novelty of this paper. Several studies have shown empirically that a concern for relative deprivation impacts significantly on migration outcomes (Stark and Taylor, 1989, 1991; Quinn, 2006; Stark et al., 2009), and several theoretical expositions have shown how the very decision to resort to migration and the choice of migration destination (Stark, 1984; Stark and Yitzhaki, 1988; Stark and Wang, 2007), as well as the assimilation behavior of migrants (Fan and Stark, 2007), are modified by a distaste for relative deprivation. However, the idea that a sense of relative deprivation could trigger a decision to engage in degrading migration work, that is, that the choice of degrading migration work could be the *outcome* of aversion to relative deprivation, has not been pursued before.

2. The basic analytical framework

Consider a set of identical individuals in a village in a sending country, henceforth Moldova. An individual lives for one period in which she works, earns, derives utility from earnings, and disutility from relative deprivation. In the country of destination, henceforth Southeastern Europe (or Western Europe), the individual faces the following occupational choice: (1) work in agriculture and receive a low income, L ; (2) work as a prostitute and receive a high income, H .

The individual obtains utility from consumption and, possibly, disutility from two sources: (1) relative deprivation when she compares herself with other members of her reference group, that is, other people from her village of origin; (2) humiliation if she becomes a prostitute. We further assume that the disutility from humiliation decreases with the number of

¹ See, for example, Podder (1996), Eibner and Evans (2005), Luttmer (2005), Bruni and Stanca (2006), and the survey by Clark et al. (2008).

² In the opening statement of an influential book on envy and human nature, Schoeck (1987, p. 1) writes: “Throughout history, in all stages of cultural development, in most languages and as members of widely differing societies, men have recognized a fundamental problem of their existence and have given it specific names: the feeling of envy and of being envied. Envy is a drive which lies at the core of man's life as a social being, and which occurs as soon as two individuals become capable of mutual comparison.” Some empirical studies show that this perception of envy is particularly pronounced in post-communist countries, in which people had not been used to significant overt income inequality (Blanchflower and Freeman, 1997; Alesina and Fuchs-Schündeln, 2007).

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