Using Business Ethics to Show that Sex Tourism is an Example of Market Failure

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Introduction

One of the industries most influenced by globalization and tourism today is the sex industry. For example, in 1998 it was estimated that the revenue from the global sex industry was more than US$20 billion. The sex industry is a crucial sector for millions of people. According to an International Labour Organization (ILO) study on Indonesia, Malaysia, Philippines and Thailand, it contributes around 2-14% GDP (Gross Domestic Product) to these four countries. The 1993-1994 study revealed that there were about 230,000 male/female prostitutes in Indonesia, 43,000-142,000 in Malaysia, 300,000-600,000 in Philippines and 200,000-300,000 in Thailand. Owing to the recession during the decade of the 1980s, as more and more women lost their jobs they were more vulnerable to enter prostitution as an alternative, according to Lin Lim, the chief executive of the ILO women's program.

In 1997, about 1.5% of all international telephone calls provided sexual services. The internet was the crucial breakthrough in the global sex industry, as it provided very detailed information on brothels, escort agencies and nightclubs in hundreds of cities around the world. Many customers can now access it without feeling ashamed. The prostitutes themselves can also offer their services or tease customers through the internet. A good website can produce a very high income in this internet world. One pornographic website is currently accessed by more than 1 million hits per day.

The sex industry also involves children, an enormous number of children. UNICEF estimates that approximately one million children have fallen into this dark world of the sex industry in order to serve tourists. UNICEF conservatively figures that child prostitution and child pornography on the global market is now valued at US$4 billion dollars per year. One million children may be the victims of sex exploitation and ten million more become the victims of sexual abuse. In Thailand, girls between the ages of 5 and 16 year old are involved in the sex business. There are around 800,000 children in Thailand, 450,000 children in India, 60,000 children in Philippines, 40,000 children in Pakistan, 30,000 children in Sri Lanka, 10,000 children in Bangladesh, 8,000 children in Vietnam and 2,000 children in Cambodia. In Brazil per se there are 250,000-500,000 girls being used as prostitutes.

According to the philosopher Michael Foucault (1997), capitalism has repressed sexuality into becoming a commodity called “sex” and this commodity yields an economic surplus. Even the important products of modernity itself such as the electronic and printing media have fortified the image of women as “sexual objects”.

Sex Industry and Globalization

Globalization has driven the expansion of the sex industry. In some developing countries, tourism and international business travellers have accelerated the rise of prostitution. For example, Budapest, Hungary has now become the centre of pornography products while China now produces most of the sex tools. Globalization has driven the spread and expansion of female prostitutes to other countries. Because of globalization, the buyers now have greater bargaining power than the sellers. Thus, only the cheapest suppliers or producers can survive. As a consequence, the human exploitation of the so-called “sex slaves” is now occurring in many countries.

Sex Industry in Indonesia

Even though prostitution is morally condemned and
forbidden in most countries, this service business has provided huge economic value in many countries. Prostitution undoubtedly has played a big role in the Indonesian economy and it is even contributing quite a lot of revenues for local governments. The government attempts to localize prostitution in one particular part of a city or town. The dualism or double standard of the Indonesian government’s attitude in tackling this matter definitely does not help solve the problem. According to Terence Hull (1997), around 140,000-230,000 Indonesian prostitutes of all levels make about US$ 1, 180-3,000 million per year or about 0.8%-2.4% of the GDP. This figure does not include male prostitutes and transvestites.

Prostitution may be easily found in the big cities (such as Jakarta) because the social and economic conditions there may force people to sacrifice everything including their sexuality. The demand for prostitution also increases every day including the demand at the tourist destinations, which are outside the large cities. However, the domestic competition is getting tougher as the number of consumers preferring foreign female prostitutes also increases.

**Commercial Sex Work as Economic Activity in Indonesia**

The Indonesian Labour Department does not yet recognize prostitutes as commercial sex workers. The Indonesia Department of Health has recognized prostitutes as a target group for a venereal disease prevention program. The Department of Social Welfare halfheartedly accepts the existence of prostitution and establishes locations for providing rehabilitation programs. Meanwhile, the Minister of Women’s Development has promoted legal marriage and is against prostitution. The local governments silently approve of it by collecting taxes through money for permits to operate brothels.

According to Hull and other analysts, the future of the commercial sex industry in Indonesia is very uncertain. Economic growth will not reduce the number of women who enter the field of prostitution because they have in fact become more materialistic as a result of tin economic development. Economic growth, also broadens the opportunities for men to buy sexual services. Hull questioned the attitudes of the growing Indonesian middle class towards prostitution, the attitudes of female magazine and popular women organizations as well as the effectiveness and influence of religious institutions in opposing prostitution.

**Debate on legalization of commercial sex work**
The study of business ethics provides us with some good concepts with which to analyze the problems of the sex industry especially by making us aware of all the many stakeholders involved, both those internal and external to the industry. Business ethics often applies the third main moral standards used today in analyzing moral dilemmas, namely, the utilitarian, human rights and justice approaches to ethical decision making. The utilitarian standard emphasizes the importance of calculating or estimating social welfare at the aggregate level but it tends to ignore the welfare of the individual person or how this social welfare is distributed. On the other hand, the human rights approach pays much more attention to the individual but gives less attention to the aggregate welfare and how it is distributed. Finally, the justice approach puts much more value on the issues related to the distribution of the social and individual welfare. The moral thinking used in making a correct ethical decision must try to combine all of these three standards even though the emphases are different.

Hence, if we are facing the possibility of legalizing prostitution or commercial sex work, there are some ethical questions related to this action and its consequences.

1. Can this action maximize social benefit and minimize social cost?
2. Can this action be justified accordingly to the moral rights of those involved in and influenced by it?
3. Does this action distribute the benefits and burdens fairly?
Commercial Sex Work and Poverty

Control on Commercial Sex Work

A growing industry, sex industry also faces the regulation matter. Even though both pornography and prostitution are banned, they keep going as far as there is some party to legalize them and the possible high revenue. The sex tour operator must be pushed to increase the standard and control it (self-policing). The sex workers must be protected from exploitation of their broker or employer. To illustrate, when Italy banned 200 government-controlled brothels with 4,000 licensed prostitutes. Now, there are at least 45,000 prostitutes on the street, and two-third of them are foreign prostitutes.

Nigeria and Albania particularly. This issue cannot ignored. The government, social activists and Catholic church must pay attention to it. As, in fact, prostitution is a new form of slavery. This is because the prostitutes are under control of the brokers, and the worse matter is the trafficking in women. The sex industry supporters also admit some problems occurring, for example if some aspects of pornography and prostitution industry become illegal, then the illegal parts will yield higher profit. If prostitution is banned, it will not abolish the activity, but only lessen the activity. Will the legislation be able to abolish the exploitative brokers? Therefore, the focus of the regulation must be clear either to lessen the industry or to ban completely? Some economic experts think that the wise governments will tolerate the payment for sex service and put some efforts to make the sex industry clean, safe and not attractive to many people.

Debate on legalization of Commercial Sex Work

Many governments think that the foreign tourists are only interested in the high-class prostitutes and if there is sex industry regulation, they might control themselves to go to the licensed brothels and pay handsomely for the experienced, professional, mature prostitutes. However, many studies on the Third World Countries i.e. Jacqueline Sanchez Taylor and Julia O’Connel Davidson (CONTOURS, Vol. 10, No. 1-2 Jan – June, 2000 pp. 38-44) who did research on 400 sex tourists in nine countries, told differently. Tourists prefer sex in the developing countries for two reasons: firstly, they are racist, and secondly, they enjoy the consumer power and choice for cheap sex, violence sex, abused sex, sex with minor, pregnant women or narcotics dependants or sex without condom. The male tourists enjoy the sexual experience based on transgression, high-risk and power abuse to the weak, including children. The regulation supporters may argue to limit the prostitution in the licensed brothels only, where female prostitutes are older than 18 years old. However, the regulation on prostitution will not eradicate all forms of prostitution or the demand of tourists. In Dominican Republic, the sex industry regulation, in fact, shoved the informal prostitution faster than the formal sector. In 1994, the survey by UNICEF in tourist sites revealed that 48% of the consumers who get the service from the children were tourists. Many child prostitute-researchers disagree with the statement that child prostitution can be separated from adult prostitution or from other issues that are related to development, economic and welfare. Some experts also think that the government should focus more on the consumers, foreign tourists, rather than the prostitutes.

The role of civil society to sex tourism

The sex tour operators have proven their craftiness to escape from law, by making as if child prostitution is a reality in the world culture. Child sex tourism is an impact of global economic growth, not as the manipulation of the first world country in exploiting the natural resources. In the international environmental meetings, people continue to claim the gap of global economy that enables the first world country to exploit the natural resources in the third world countries, but not yet on the child exploitation. According to Ralph Kreuch, an UNO officer in Criminal Protection and Court, the international community cannot promise the protection for children, as the international body is dealing with the multi-million dollar sex market and also the international crime organizations. Thus, UNO still needs some support from the government and social organizations in their respective countries. Vatican also stated that child pornography and sex tourism is a crime. The Vatican showed its concern about its spreading and
the weakening community's reaction against child pornography and trafficking. In March 1997, Pope Johannes Paul II called the world to work together internationally in order to stop the flourishing sex tourism in Asia.

Conclusion
In fact, we have to be objective in perceiving the relationship between prostitution and tourism. The border between "common" tour, sex tour and child sex tour is neither clear nor absolute. Where there is poverty and high rate of unemployment, tourism development entails in sex service and prostitution. The government and tourism industry must pay attention and consider the issue of prostitution that is related to tourism. The attention should not be some regulations based on misinformation or inadequate information, but must focus on the long-term consequences. They must focus on the welfare of the local people who suffer from the impact of tourism, besides on the human rights of the consumers. The child prostitution in the 90s is moulded from the poor economy of the local culture in anticipating the global economic pace of consumerism. Globalization and international tourism had driven sex into a multi dollar industry. Not only female adults but children as well are sold like any other mass-products. Commercial sex work particularly in sex tourism remains complicated, as it has never been discussed openly. Besides as a big contributor in economy, sex industry may support tourism. Yet it relates to the economic development and the rehabilitation of social condition. If the three moral standards of business ethic: utilitarianism, human rights and justice applied, it reveals that sex industry is a failure model of free trade. This is because the social cost for the case of child prostitution is very high.

Migration and Trafficking in Women
(An Indonesian Case)
Sin R. Dzuhayatin & Martian Silawati

Introduction
Little official data exists on the trafficking of women in Indonesia because the Indonesian government has neither collected nor disclosed any information on trafficking. Some argue that the lack of knowledge or denial about trafficking in women is due to Indonesian's national pride as a religious nation. Others tentatively assert that cases of trafficking are complicated, and information is difficult to elicit due to control of syndicates in which police and immigration are involved.

Although no official numbers are available, some of the mass media report that the increasing incidence of Indonesian women who are recruited into the sex industry is alarming. Sex trafficking in Indonesia is both internal (domestic trafficking) and external (international trafficking). In 1994, Solidaritas Perempuan (SP), a non-governmental organization that advocates for women migrant workers, collected data from various mass media, noting one example of 319 female migrant workers deceptively recruited into the sex industry in Malaysia. Of that 319, six women were deported, 25 escaped and reported themselves to Malaysian authorities, 88 women were arrested at the Indonesian border with their traffickers during the trafficking process, and 2000 were arrested in several police red light areas in Malaysia (Misiyah and Solidaritas Perempuan, 1997).