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**Global corporate citizenship: the protection of children in the travel and tourism industry**

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Introduction

Marilyn Carlson Nelson was entering her seventh year as Chief Executive Officer (CEO) of Carlson Companies, a global marketing, travel, and hospitality company, when she faced the first challenge to Carlson's new corporate commitment to protect children from sexual exploitation in the tourism industry. Carlson Companies had been developing a very promising hotel property in a lucrative area of Costa Rica when new information came to light that the area was notorious for child trafficking and prostitution. Carlson Companies, under Marilyn's leadership, signed in 2004 the *Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism* (or the Code), a global project bringing together the travel and tourism industry and nongovernmental organizations (NGOs) focused on children's rights in order to prevent the exploitation of children at tourist destinations. As part of its obligations under the Code, Carlson Companies carries out a corporate ethical policy against the commercial sexual exploitation of children. According to this policy, Carlson Companies trains personnel to identify traffickers and sex tourists, provides information to tourists using its services, and takes other preventive measures.

A few years after signing the Code, Carlson Companies began an expansion project in Costa Rica with a Regent hotel located in Papagayo. Because Costa Rica is a country well known for problems with child sexual exploitation, much of it related to tourism, multiple organizations including the United Nations have initiated campaigns in Costa Rica to curb the abuse. Consequently, some executives at Carlson Companies feared expanding the Regent franchise into Costa Rica because it might conflict with their commitment to the Code. The

Costa Rica franchise was a lucrative business opportunity, however, one that promised to introduce Regent's more luxurious accommodations and services to a market full of expansion possibilities. Besides, another Carlson Companies brand, Radisson Hotels & Resorts, already had multiple hotels in the country.

Marilyn faced a difficult decision: Should Carlson Companies expand its Regent's hotel chain into an area blighted by child prostitution, much of it driven by tourist demand, or should it abandon the project? Was there a solution that could at once address concerns about child sexual exploitation and allow Carlson to expand?

### *The commercial sexual exploitation of children*

Trafficking is a type of commercial trade in people, either across borders or within countries, whereby individuals are forced to engage in slavery, including sexual slavery. Children under the age of 18 make up a large portion of this trade and can be trafficked for multiple reasons, including forced labor, criminal activity, and sexual exploitation. Children trafficked for sex become part of a multi-billion dollar industry in which approximately two million children are exploited.<sup>1</sup> A key NGO, End Child Prostitution, Child Pornography, and Trafficking of Children for Sexual Purposes (ECPAT) established to combat child sex trafficking, puts the number of child prostitutes at 200,000 in Thailand, 400,000 in India, 60,000 in the Philippines and 300,000 in the United States (U.S.).<sup>2</sup> Eighty percent of the estimated 800,000 to 900,000 people trafficked annually worldwide are female, many of them children.<sup>3</sup>

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<sup>1</sup> UNICEF: The UK Committee, *End Child Exploitation* ([cited September 29, 2006]); available from [http://www.unicef.org/uk/campaigns\\_sub\\_pages.asp?page=3](http://www.unicef.org/uk/campaigns_sub_pages.asp?page=3).

<sup>2</sup> Carol Smolenski, "Sex Tourism and the Sexual Exploitation of Children," (New York: ECPAT-USA, 1995).

<sup>3</sup> Ron Sider, "Injustice against Women," *Prism*, no. Jan/Feb (2007), UNICEF: The UK Committee, *End Child Exploitation* ([cited]).

Children are easy victims of trafficking because they are often less able to assert themselves and insist upon their rights than adults.<sup>4</sup> The victims of trafficking are commonly the most vulnerable children, those with little education or job opportunities, from poor families or families in turmoil, those who are unregistered or missing, homeless, unaccompanied, migrant, displaced, or who are runaways or fleeing familial sexual abuse.<sup>5</sup> External causes such as natural disasters and political conflicts can also make children more vulnerable.<sup>6</sup> The effects on children exploited by the commercial sex industry are disturbing, and include death, disappearance, exposure to violence, drug addiction, and physical and mental health issues, such as sexually transmitted diseases like HIV/AIDS, early pregnancy, and reproductive problems.<sup>7</sup> Additionally, the trafficking of children for sexual exploitation denies children their human rights enumerated in international and national law.

Children can be trafficked through force, in cases of abduction, or through deception, trickery and misinformation.<sup>8</sup> At times, the trafficker can manipulate the desperation of some families to create greater opportunities for their children to get families to “voluntarily” give up children or to convince children to leave with the trafficker in search of employment abroad.<sup>9</sup> As a result of extreme poverty in certain parts of the world, some families and children may even be aware that the children will become sex workers.<sup>10</sup>

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<sup>4</sup> International Labour Office and International Programme on the Elimination of Child Labour, "Unbearable to the Human Heart: Child Trafficking and Action to Eliminate It," (Geneva: 2002), p. xi.

<sup>5</sup> UNICEF: The UK Committee, *End Child Exploitation* ([cited]. Smolenski, "Sex Tourism and the Sexual Exploitation of Children." Mohamed Y. Mattar S.J.D, "Progress and Challenges in Global Efforts to Combat Sexual Trafficking in Children for Sex Tourism" (paper presented at the United Front for Children: Global Efforts to Combat Sexual Trafficking of Children in Travel and Tourism, University of Minnesota Twin Cities, 2006).

<sup>6</sup> International Labour Office and International Programme on the Elimination of Child Labour, "Unbearable to the Human Heart: Child Trafficking and Action to Eliminate It," p. xi.

<sup>7</sup> *Ibid.*, p. xii.

<sup>8</sup> *Ibid.*, p. 10.

<sup>9</sup> *Ibid.*

<sup>10</sup> UNICEF: The UK Committee, *End Child Exploitation* ([cited].

Although the commercial sexual exploitation of children occurs in countries all over the world, the rise of travel and communication technologies has changed the nature of exploitation by facilitating the rise of global sex tourism.<sup>11</sup> The World Tourism Organization (WTO) defines organized sex tourism as:

trips organized from within the tourism sector, or from outside this sector but using its structures and networks, with the primary purpose of effecting a commercial sexual relationship by the tourist with residents at the destination.<sup>12</sup>

Children are increasingly becoming the victims of this trend, but as the Travel Authority of Thailand suggests, tourism is not the primary cause of exploitation. Tourism does, however, “offer easy access to vulnerable children” via “tourism-related facilities such as hotels, bars, nightclubs frequented by exploiters.”<sup>13</sup>

The rise in child sex tourism is primarily attributed to an expanded market for children due to fears of HIV/AIDS, growth in the commercial sex trade in general, economic disparities between the countries of origin of sex tourists (mostly from the U.S., Europe, Australia, Canada, Japan, China and South Korea) and their destinations (predominately Central and Latin America, Africa and Southeast Asia)<sup>14</sup> as well as a troubling trend of “rising indifference to the consequences of sexual exploitation of children.”<sup>15</sup> According to ECPAT, the numbers of sex tourists, while difficult to quantify precisely, are “in the tens of thousands,” with Americans making up about one-quarter of those outside of the U.S.<sup>16</sup> The increased demand for children in

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<sup>11</sup> Smolenski, "Sex Tourism and the Sexual Exploitation of Children."

<sup>12</sup> World Tourism Organization, "WTO Statement on the Prevention of Organized Sex Tourism," (Cairo: 1995).

<sup>13</sup> Tourism Authority of Thailand, *Tat News: Thailand in the Global Fight Against the Commercial Sexual Exploitation of Children* ([cited November 21 2006]); available from [http://www.tatnews.org/tat\\_news/1482.asp](http://www.tatnews.org/tat_news/1482.asp).

<sup>14</sup> Mattar S.J.D, "Progress and Challenges in Global Efforts to Combat Sexual Trafficking in Children for Sex Tourism".

<sup>15</sup> International Labour Office and International Programme on the Elimination of Child Labour, "Unbearable to the Human Heart: Child Trafficking and Action to Eliminate It," p. 24.

<sup>16</sup> Smolenski, "Sex Tourism and the Sexual Exploitation of Children." UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* (2004 [cited September 29, 2006]); available from [www.unicef.org/media/media\\_20445.html](http://www.unicef.org/media/media_20445.html).

the commercial sex trade has resulted in at least 25 U.S. tour companies that cater to sex tourists, according to *Business Week Magazine*.<sup>17</sup>

In the last few decades, Costa Rica has become one of the principal tourist destinations in Central America, fueling an expanding industry that has become the country's primary source of foreign capital.<sup>18</sup> The boom in tourism has resulted in Costa Rica becoming a "source, transit, and destination country" for trafficking, according to the U.S. Department of State.<sup>19</sup> Women and girls are trafficked into Costa Rica from Nicaragua, the Dominican Republic, Columbia, Panama, Russia, Bulgaria, and the Philippines for sexual exploitation.<sup>20</sup> Costa Rican women and girls are trafficked within the country as well as to El Salvador, Guatemala, Japan and the U.S.<sup>21</sup> The problem of child prostitution in Costa Rica is so serious that one NGO, the National Institute for Children (PANI) puts the number of child prostitutes at 3,000 in the capital San Jose alone.<sup>22</sup>

NGOs began to raise concerns about Costa Rica's problem with sex tourists and child exploitation in the late 1990s, but the Costa Rican government did not make concerted efforts to address the issue until recently.<sup>23</sup> Trafficking in children is illegal in Costa Rica, although it is only punishable for three to six years, and there are no specialized shelters for victims of trafficking.<sup>24</sup> Although not meeting the "minimum standards"<sup>25</sup> for eliminating trafficking, the

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<sup>17</sup> UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* ([cited]).

<sup>18</sup> Casa Alianza Internacional, "Creating a Database as a Tool for Campaigning," (2002): p. 10, Julia O'Connell Davidson and Jacqueline Sanchez Taylor, "Child Prostitution and Sex Tourism: Costa Rica," (ECPAT International, 1995), p. 3.

<sup>19</sup> U.S. Department of State, "Trafficking in Persons Report," (2007), p. 82.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Global March Against Child Labour, "Out of the Shadows: Global Report on the Worst Forms of Child Labour," (New Delhi, India: 2002).

<sup>23</sup> Casa Alianza Internacional, "Creating a Database as a Tool for Campaigning." U.S. Department of State, "Trafficking in Persons Report," p. 82.

<sup>24</sup> U.S. Department of State, "Trafficking in Persons Report," p. 3.

<sup>25</sup> The minimum standards are established by the Trafficking Victims Protection Act of 2000 and include four provisions: 1. The prohibition and punishment of severe forms of trafficking; 2. Commiserate punishment of grave acts such as sexual assault; 3. Punishment that is a sufficient deterrent for trafficking as well as punishment that reflects the heinous nature of the crime; 4. The serious and sustained efforts of governments to eliminate trafficking

government of Costa Rica is currently “making significant efforts to do so,” according to the U.S. Department of State.<sup>26</sup>

### International and U.S. legislation

Both international and U.S. law condemn the practice of child trafficking. In the U.S., it is illegal to transport children under the age of 18 for the purpose of prostitution or sexual activity.<sup>27</sup> In 1994, the Child Sexual Abuse Prevention Act made it illegal for U.S. citizens and permanent-resident aliens to travel abroad to commit sexual acts with minors.<sup>28</sup> As a result, the government can prosecute Americans for sexual acts with children even if those acts take place outside of U.S. borders. Moreover, efforts to prosecute travel agencies that cater to sex tourists have increased in recent years.<sup>29</sup>

The commitment by the U.S. government to stop human trafficking was best demonstrated by the passage of *The Victims of Trafficking and Violence Protection Act of 2000*.<sup>30</sup> Adopted unanimously by the U.S. Congress, the Act established T-visas for trafficking victims to allow them to remain in the U.S. if they agree to help prosecute traffickers. Although the T-visa program has had some problems, the Act nonetheless expanded criminal liability to include not only U.S. citizens and residents, but also “any foreign person that plays a significant role in a severe form of trafficking in persons, directly or indirectly, in the United States.”<sup>31</sup>

Importantly, the Act reassures trafficking victims in the U.S. that they are indeed victims, as

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in persons. These standards are enumerated in the Trafficking Victims Protection Act of 2000, Div. A of Pub L. No. 106-386, §108 as amended.

<sup>26</sup> Ibid., p. 83.

<sup>27</sup> 18 U.S.C. §§ 1591

<sup>28</sup> Smolenski, "Sex Tourism and the Sexual Exploitation of Children.", Munir, Abu Bakar and Siti Hajar bt. Mohd Yasin, "Legal Note: Commercial Sexual Exploitation" *Child Abuse Review* 6, no. 2 (1997): pp. 147-153.

<sup>29</sup> UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* ([cited]).

<sup>30</sup> H.R. 3244, P.L. 106-386

<sup>31</sup> *Victims of Trafficking and Violence Protection Act*, 106, H.R. 3244. See Janice G. Raymond and Donna M. Hughes, "Sex Trafficking of Women in the United States: International and Domestic Trends," *New England Journal of International and Comparative Law* 95 (2001).

opposed to criminals, and that as “law-abiding” individuals, they are “eligible for benefits.”<sup>32</sup>

Reauthorized in 2003 and 2005, the Act sets sentences of 20 years in prison for traffickers and

U.S. courts possess extraterritorial jurisdiction to prosecute traffickers in cases that involve

federal employees and contractors.<sup>33</sup> International law is likewise unwavering in its

condemnation of the trafficking of children: The International Criminal Court has declared it a

“crime against humanity,”<sup>34</sup> and a number of other international treaties and conventions, all but

two of which the U.S. has ratified, condemn the practice and call on states to prevent the

trafficking of children.<sup>35</sup>

### The Code of Conduct

Efforts to protect children and save them from a life of sexual exploitation often have the

effect of merely changing the dominant country of origin of the victims. For example, the

economic prosperity of Thailand in the 1990s meant that fewer child sex workers working in

Thailand originated there; however, the supply of child sex workers remained the same because

other countries, such as Myanmar, Laos, Cambodia and China, continued to traffic children into

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<sup>32</sup> Stolz, Barbara Ann, “Interpreting the U.S. Human Trafficking Debate Through the Lens of Symbolic Politics” *Law and Policy* 29, no. 3, (2007): p. 325.

<sup>33</sup> Vital Voices, “Summary of the U.S. Anti-Trafficking Law,” (Washington, D.C.: 2006). Vital Voices, *Anti-Trafficking* [cited November 25, 2006]; available from [http://www.vitalvoices.org/desktopdefault.aspx?page\\_id=35](http://www.vitalvoices.org/desktopdefault.aspx?page_id=35).

<sup>34</sup> International Criminal Court, Elements of Crimes, U.N. Doc. PCNICC/2000/1/Add.2 (2000). Article 7, (1) (c .1).

<sup>35</sup> Convention on the Rights of the Child, G.A. res. 44/25, annex, 44 U.N. GAOR Supp. (No. 49) at 167, U.N. Doc. A/44/49 (1989), *entered into force* Sept. 2, 1990, Articles 34 and 35; Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, 96 U.N.T.S. 271, *entered into force* July 25, 1951. Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime, G.A. Res. 25, annex II, U.N. GAOR, 55th Sess., Supp. No. 49, at 60, U.N. Doc. A/45/49 (Vol. I) (2001), *entered into force* Sept. 9, 2003. Protocol Against the Smuggling of Migrants by Land, Sea and Air, Supplementing the United Nations Convention Against Transnational Crime, G.A. Res. 55/25, annex III, U.N. GAOR, 55th Sess., Supp. No. 49, at 65, U.N. Doc. A/45/49 (Vol. I) (2001), *entered into force* Jan. 28, 2004. Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography, G.A. Res. 54/263, Annex II, 54 U.N. GAOR Supp. (No. 49) at 6, U.N. Doc. A/54/49, Vol. III (2000), *entered into force* January 18, 2002. The United Nations Convention against Transnational Organized Crime, A/RES/55/25. U.N. GAOR, 55<sup>th</sup> Sess., *entered into force* 29 September, 2003. Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO No. 182), 38 I.L.M. 1207 (1999), *entered into force* Nov. 19, 2000.

Thailand.<sup>36</sup> As a result, children's advocates have looked to the demand side of child trafficking in hopes of curtailing the number of tourists who sexually exploit children while traveling.

Children's advocates and NGOs have attempted to foster norms against sex tourism by creating a greater social stigma against the practice in the West as well as by humanizing the victims of trafficking.

Anecdotal evidence suggests that some travel companies target sex tourists and actively seek their business. For example, an advertisement by Lauda Air, an Austrian airline, consisted of a picture of a partially-clothed, female child and captions reading, "From Thailand with Love," and "the tarts in the Bangkok Baby Club are waiting for us."<sup>37</sup> More commonly, however, companies in the travel and tourism industry are unaware of their complicity in the sexual exploitation of children; they do not know the ways in which their practices inadvertently expose children around the world to sexual violence and exploitation.

The travel and tourism industry can be complicit in the trafficking of children in two ways: First, hotels, airlines, trains, and buses can provide the means through which children are trafficked. Second, and more commonly, the industry can transport the sex tourist to his destination.<sup>38</sup> As a result of this complicity, ECPAT Sweden, the Scandinavian Tourism Industry and the World Tourism Organization, at the initiative of Queen Silvia of Sweden, in April of 1998 created a Code of Conduct for companies in the travel and tourism. They drafted the Code to promote particular practices that may reduce the sexual exploitation of children.<sup>39</sup>

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<sup>36</sup> International Labour Office and International Programme on the Elimination of Child Labour, "Unbearable to the Human Heart: Child Trafficking and Action to Eliminate It," p. 24.

<sup>37</sup> Smolenski, "Sex Tourism and the Sexual Exploitation of Children."

<sup>38</sup> Women make up a very small percentage of sex tourists. Ibid.

<sup>39</sup> UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* ([cited]).

The Code is a voluntary mechanism whereby travel and tourism companies pledge their aid in combating child trafficking.<sup>40</sup> Signatories to the Code make six commitments:<sup>41</sup>

1. To establish an ethical policy regarding commercial sexual exploitation of children.
2. To train the personnel in the country of origin and travel destinations.
3. To introduce a clause in contracts with suppliers, stating a common repudiation of commercial sexual exploitation of children.
4. To provide information to travellers by means of catalogues, brochures, in-flight films, ticket-slips, home pages, etc.
5. To provide information to local "key persons" at the destinations.
6. To report annually.

Companies that adopt the Code must submit annual reports on corporate practices to international, transnational and national monitoring bodies in order to demonstrate compliance with the Code, share information, build know-how about best practices and identify problems.<sup>42</sup>

Companies that adopt the Code are encouraged to likewise monitor their employees and the practices of their contractors through documented spot checks.<sup>43</sup>

More than 241 companies in 21 countries have signed the Code, affecting more than 30 million tourists who employ the services of these companies.<sup>44</sup> However, only a few U.S. companies have signed the Code. The lack of signatories among U.S. companies presents a serious problem given that an estimated 25 percent of sex tourists outside of the U.S. are Americans who presumably utilize U.S. travel and tourism services.<sup>45</sup> The majority of U.S. hoteliers, travel agencies, airlines and tour companies have not signed the Code out of fear of the

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<sup>40</sup> UNICEF, *Child Protection from Violence, Exploitation and Abuse* (2004 [cited September 29, 2006]); available from [http://www.unicef.org/protection/index\\_fight\\_exploitation.html](http://www.unicef.org/protection/index_fight_exploitation.html).

<sup>41</sup> The Code Secretariat, *The Code: Protection of Children from Sexual Exploitation in Travel and Tourism* (2006 [cited September 29, 2006]); available from [www.thecode.org](http://www.thecode.org).

<sup>42</sup> The Code Secretariat, *The Reporting Process* ([cited September 29, 2006]); available from [http://www.thecode.org/index/php?page=4\\_1](http://www.thecode.org/index/php?page=4_1).

<sup>43</sup> *Ibid.* ([cited]).

<sup>44</sup> "Signatory Companies," <[Thecode.org](http://www.thecode.org)>. Last accessed March 1, 2008.

<sup>45</sup> UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* ([cited]).

negative publicity that may arise from their adoption of the Code, as well as fear of litigation and out of ignorance of their complicity in child sexual exploitation.

*Marilyn Carlson Nelson and Carlson Companies*

As a leader in the travel and hospitality industries, the Carlson Companies brand employs nearly 200,000 people in more than 150 countries around the world. The company owns, franchises, or manages 970 hotels alone.<sup>46</sup> Established by Marilyn's late father, Curtis L. Carlson, the company had long been involved in philanthropy through its Curtis L. Carlson Family Foundation. Begun in 1959, the Foundation was one of many avenues Carlson chose to carry out its charitable work. Curtis Carlson, the son of Swedish immigrants, was widely recognized in Sweden for his success as well as his charitable endeavors, which produced a friendship with the royal family of Sweden. Marilyn, who became President and CEO of Carlson Companies in 1998, and Queen Silvia of Sweden shared a concern for at-risk children, leading to numerous collective projects over the years. Prime among them was the establishment in 1999 of the World Childhood Foundation, founded by Queen Silvia along with 14 co-founders, including the Carlson Family Foundation.

The Code was only the latest effort by the Queen to help children marginalized by poverty and violence. When asked by the Queen to become a signatory to the Code in 2004, Marilyn could not refuse. Carlson Companies thus became the first major North American travel and tourism company to sign the Code, fulfilling its commitment in all of Carlson's brands, including Radisson Hotels & Resorts, Regents Hotels & Resorts, T.G.I. Friday's and Carlson Wagonlit Travel.

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<sup>46</sup> Personal correspondence with Deb Cundy, Assistant Dean of The Carlson School of Management, University of Minnesota. February 21, 2008.

Marilyn's commitment to children's causes stems from her position in a multi-generational company and what she refers to as Carlson Companies' "global corporate citizenship."<sup>47</sup> Curtis Carlson "saw his activity as being a link between his parents and the future and taught [his children] that [each] is a living link between the past and the future and has a responsibility beyond our own time and place."<sup>48</sup> As the C.E.O. of Carlson Companies, Marilyn wanted to "attract a group of executives...that thought longer term and made decisions based on how to impact lives and communities beyond [their] own time." Decisions made by Carlson's executive team take into consideration the next generation – "thinking about children and teens," in Marilyn's words, and the impact of the company's actions upon their welfare and development.<sup>49</sup> When asked about Carlson Companies' early adoption of the Code of Conduct, Marilyn remarked, "We like to think that we play a leadership role on this particular issue. Sometimes I wish we weren't as far out in front as a leader because we had hoped that more travel and hotel companies would sign on to the Code."<sup>50</sup>

Nonetheless, executives at Carlson expressed public relations concerns about the Code. The initial reaction to the Code by Doug Cody, then Corporate Vice President of Public Relations and Communications was "who wants to get involved in something so ugly when there are so many other causes that we could be involved with?...Do we really want to associate our name with such an ugly thing?"<sup>51</sup> No other major travel and tourism company had signed the Code in North America and the issue of child trafficking was not widely discussed in the media. As a public relations executive, Doug's primary concern was that "associating yourself with it even though you are fighting against it" could "backfire and hurt you. People could

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<sup>47</sup> Personal interview with Marilyn Carlson Nelson, February 20, 2008.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

<sup>51</sup> Personal Interview with Doug Cody, May 21, 2007.

misunderstand it; believe that somehow you were connected with it.”<sup>52</sup> There were, as Doug made clear, “a lot of reasons to say ‘no’.”<sup>53</sup>

When Marilyn invited Doug to the signing of the Code at the United Nations with Queen Silvia, Doug’s opinion about the public relations liability of the Code changed. At the signing he saw “two dozen television cameras there from all around the world” and it occurred to him that the good press was beneficial to the company.<sup>54</sup> “The eyes of the world,” Doug thought, “were watching.”<sup>55</sup>

Tom Polski, then Vice President of Public Relations and Communications, argued that the shift in thinking at Carlson Companies about the Code came from “increased awareness of the whole issue” from activities at the World Childhood Foundation. Carlson Companies and the travel and tourism industry is in the “happiness business,” and child trafficking is “not very pleasant and people sometimes don’t want to hear unpleasant things.”<sup>56</sup> Nonetheless, Tom also supported the Code because child exploitation is a “reality in the travel and tourism business.”<sup>57</sup>

All of the concerns raised by Carlson executives are common in the travel and tourism industry and likely account for the reluctance of other companies to sign the Code. Moreover, most companies in the industry are public corporations rather than private companies like Carlson. They are structured differently and often lack a strong leader like Marilyn that championed the project and that had the authority to get her way.<sup>58</sup> On Marilyn’s insistence, Carlson Companies signed the Code on April 21, 2004.

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<sup>52</sup> Ibid.

<sup>53</sup> Ibid.

<sup>54</sup> Ibid.

<sup>55</sup> Ibid.

<sup>56</sup> Personal interview with Tom Polski, May 29, 2007.

<sup>57</sup> Ibid.

<sup>58</sup> Personal interview with Doug Cody.

By many accounts, the corporate culture of Carlson Companies was noticeably affected by its newfound commitment to curtail child trafficking. For example, Jay Witzel, President and CEO of Carlson Hotels Worldwide, suggested that once Carlson Companies signed the Code, “the level of commitment to [end child trafficking] throughout the entire [Carlson] system rose to an unbelievable level where people actually started to say, ‘That is not going to happen here’; Once you get to that position...the people on the staff have come to the conclusion that they can do something about it...it is not a hopeless situation.”<sup>59</sup> “Signing the Code,” Jay continued, “raised our diligence. It certainly raised our commitment and it raised the involvement of the greater community of Carlson hotels, their owners, operators and employees to do something about [it].”<sup>60</sup>

Within a few years of signing the Code, Carlson Companies began developing a Regent hotel in Papagayo, Costa Rica. Regent Hotels & Resorts is Carlson’s luxury chain, providing higher-end accommodations to clients than the company’s other brand, Radisson. The Regent hotel in Costa Rica would have been Carlson’s first luxury hotel in Central America. As a result, the project offered Carlson Companies the opportunity to expand its luxury chain into the region and offered the potential for further expansion.

During the course of this research, Jay learned of the extensive problem of child trafficking in Costa Rica and brought it to Marilyn’s attention. In light of the new information about Costa Rica’s child prostitution problem, Marilyn thought about her options: If Carlson Companies went forward with the Regent hotel in Costa Rica, the company could be complicit in the sexual exploitation of children. If Carlson abandoned the project, the company would forfeit a lucrative business opportunity. Should she push the project forward or abandon it altogether?

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<sup>59</sup> Personal interview with Jay Witzel, February 20, 2008

<sup>60</sup> Ibid.

## Epilogue

Marilyn Carlson Nelson and Carlson Companies have continued to develop the project in Papagayo. Ultimately, the decision to go forward with the project was based on the belief, according to Tom Polski, that “we would go forward because we felt we could make a bigger impact by being...in the game.”<sup>61</sup> Jay Witzel and Marilyn jointly concluded after many discussions that “it was our obligation...to go forward and recognize” that the expansion of the Regent brand into the Papagayo region was a problem, but one that could be “managed and solved over time.”<sup>62</sup> According to Jay, “from an operational standpoint and from a social responsibility standpoint, we think we are doing more by entering into those environments and proving you can run a hotel in a legitimate fashion.”<sup>63</sup> “Businesses have a social responsibility,” he continued, “to take on the issues that affect the societies that they’re in.”<sup>64</sup> This is especially true, Jay argues, if a genuine link can be forged between a social issue in need of intervention and corporate practices. Child sex trafficking is an issue, according to Marilyn, that “is playing out on our stage,” and one that “we can have an impact on.”<sup>65</sup> It is something, Jay added, “that affects everyone on our staff...to turn a blind eye to [child trafficking] is sending a very dangerous message to your employees.”

The Code is only part of the solution to the problem of child sex trafficking. It addresses the demand side of trafficking, targeting the casual tourist who may think it is acceptable to exploit children while abroad in foreign surroundings. An end to trafficking altogether will require a concerted effort from the government and private sectors of both destination and origin

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<sup>61</sup> Personal interview with Tom Polski.

<sup>62</sup> Personal interview with Jay Witzel.

<sup>63</sup> Ibid.

<sup>64</sup> Ibid.

<sup>65</sup> Interview with Marilyn Carlson Nelson.

countries. As the Executive Director of the United Nations Children's Fund (UNICEF), Ann Veneman, has said, "It will take all of us," including:

travel professionals, lawmakers, educators and the international community alike, to make tourist destinations safe for all children. It is a win-win situation. Taking a firm stand against child sex tourism will attract consumers who are looking for ethical travel operators.<sup>66</sup>

The Code of Conduct is a step in the right direction.

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<sup>66</sup> UNICEF, *Launch of "Code of Conduct" for Travel Industry to Protect Children from Sex Tourism* ([cited]).

## Teaching Note

The case study encourages students to consider the impact of business opportunities on the community at large by focusing on Marilyn Carlson Nelson's commitment to children and to combating child sex trafficking. The case is designed to facilitate a discussion about the obligations business leaders should have to the communities in which they do business. Rarely are these obligations simple and straightforward. Although the public relations opportunities for corporate social responsibility are immense, businesses that assume these responsibilities may also run certain risks. This case study seeks to engage students in the management of those risks, while encouraging them to consider the ramifications of business opportunities. Although Carlson Companies ultimately went forward with the development the Regent hotel project, its reasons for doing so were grounded in its commitment to be a positive force in the tourism business. The argument offered by executives at Carlson suggests that it is better to meet the challenges of child sex trafficking by establishing ethical businesses in less-than-ethical environments than to forego the opportunity for expansion and change altogether. Moreover, the positive externality of empowering hotel employees to monitor and act against the exploitation of children in Carlson hotels ultimately extends to the communities of the employees. Marilyn Carlson Nelson described her commitment to the Code and the subsequent decision to expand into Costa Rica as an important part of Carlson Companies' global corporate citizenship.<sup>67</sup> In a business world that increasingly demands that companies 'give back' to the community and adopt socially-responsible business practices, future business leaders need to develop the necessary skills and sensibilities to navigate this complex terrain.

### *Discussion Questions:*

1. Should Marilyn Carlson Nelson develop the Regent hotel in Papagayo?
2. What are the concerns of certain executives at Carlson about Costa Rica?
3. Is there any room for corporate social responsibility in the business world? What are the expectations of corporate social responsibility in the business world? Should they be different?
4. What concerns should guide business in the choice of charitable issues?
5. Should businesses take on "ugly" issues in their public service work? What are the risks involved?
6. Can Carlson Companies develop its project in Costa Rica while protecting children? If so, how?

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<sup>67</sup> Personal interview with Marilyn Carlson Nelson.

## **Additional Resources**

Coalition Against Trafficking in Women. <<http://www.catwinternational.org>>.

Code, The. Protection of Children from Sexual Exploitation in Travel and Tourism.  
<<http://www.thecode.org>>.

End Child Prostitution, Child Pornography and Trafficking of Children for Sexual Purposes (ECPAT) International. <<http://www.ecpat.net/eng/index.asp>>.

Human Rights Watch, “Human Rights Watch Work on Trafficking of Women and Girls,”  
<[http://hrw.org/doc/?t=women\\_trafficking](http://hrw.org/doc/?t=women_trafficking)>.

Humantrafficking.org: A web resource for combating human trafficking,  
<<http://www.humantrafficking.org/>>.

Minnesota Advocates for Human Rights, Stop Violence Against Women, “Trafficking in Women,” <[http://www.stopvaw.org/Trafficking\\_in\\_Women.html](http://www.stopvaw.org/Trafficking_in_Women.html)>.

Save the Children, “Exploitation and Trafficking,” <  
<http://www.savethechildren.org/emergencies/protection/exploitation-and-trafficking.html>>.

Trafficking Victims Protection Act of 2000, Div. A of Pub L. No. 106-386, §108 as amended.  
Available at <http://www.state.gov/documents/organization/82902.pdf>, last accessed March 2, 2008.

United Nations Children’s Fund (UNICEF), “Child trafficking,”  
<[http://www.unicef.org/protection/index\\_exploitation.html](http://www.unicef.org/protection/index_exploitation.html)>.

United Nations Fund for Women, “Women, War, Peace and Trafficking,”  
<<http://www.womenwarpeace.org/issues/trafficking/trafficking.htm>>.

United States Department of State, Office to Monitor and Combat Trafficking in Persons,  
<<http://www.state.gov/g/tip/>>.

Vital Voices. <<http://www.vitalvoices.org>>.

World Childhood Foundation. <<http://www.childhood.org>>.

World Tourism Organization, <<http://www.unwto.org/>>.

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