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TRANSNATIONAL SEX TRAFFICKING NETWORKS IN THAILAND: UNDERMINING STATE SOVEREIGNTY AND NATIONAL SECURITY

RESEARCH PROJECT FOR THE COURSE OF UNDERGRADUATE RESEARCH IN INTERNATIONAL RELATIONS

AUTHOR:

SHANTAL JENINE CHENSAM THYNE

TUTOR:

NELLY VALDIVIA

SAN MARCOS, CARAZO, NICARAGUA

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ABSTRACT

Transnational organized crime constitutes one of the most significant non-traditional security challenges facing the modern international system. Within this sphere, human trafficking in Thailand has evolved from a human rights issue into a critical threat to state sovereignty and national security. Despite the implementation of comprehensive legal frameworks and the mobilization of specialized enforcement units, trafficking networks continue to operate with resilience.

This study investigates the extent to which transnational sex trafficking networks exploit institutional vulnerabilities within Thai law enforcement and the judiciary to undermine national security. Specifically, it tests the hypothesis that these networks employ "strategic corruption" as a rational, deliberate mechanism to create "shadow governance" structures that operate parallel to the state. Employing a qualitative, explanatory case study design, this research utilizes a documentary approach to triangulate data from official policy documents, intergovernmental reports (UNODC, USIP), and investigative journalism.

The analysis uses deductive qualitative content analysis and causal process-tracing to link institutional vulnerabilities to specific national security failures. The findings reveal that trafficking networks have infiltrated the Royal Thai Police and Immigration Bureau through "strategic corruption," evidenced by the "payroll" system and the purchase of administrative decisions. This has resulted in a "securitization-failure paradox," characterized by a zero-percent conviction rate for complicit officials and the unimpeded operation of illicit industries. The study concludes that Thailand demonstrates a condition of "shadow governance," where the state's monopoly on force is effectively shared with criminal enterprises.

RESUMEN

El crimen organizado transnacional constituye uno de los desafíos de seguridad no tradicionales más significativos que enfrenta el sistema internacional moderno. Dentro de esta esfera, la trata de personas en Tailandia ha evolucionado de ser un problema de derechos humanos a una amenaza crítica para la soberanía estatal y la seguridad nacional. A pesar de la implementación de marcos legales integrales y la movilización de unidades especializadas de cumplimiento de la ley, las redes de trata continúan operando con resiliencia.

Este estudio investiga hasta qué punto las redes transnacionales de trata sexual explotan las vulnerabilidades institucionales dentro de las fuerzas del orden y el poder judicial tailandés para socavar la seguridad nacional. Específicamente, pone a prueba la hipótesis de que estas redes emplean la "corrupción estratégica" como un mecanismo racional y deliberado para crear estructuras de "gobernanza en la sombra" que operan paralelamente al Estado. Empleando un diseño de estudio de caso cualitativo y explicativo, esta investigación utiliza un enfoque documental para triangular datos de documentos de política oficiales, informes intergubernamentales (UNODC, USIP) y periodismo de investigación.

El análisis utiliza el análisis de contenido cualitativo deductivo y el rastreo de procesos causales para vincular las vulnerabilidades institucionales con fallos específicos de seguridad nacional. Los hallazgos revelan que las redes de trata se han infiltrado en la Policía Real de Tailandia y en la Oficina de Inmigración a través de la "corrupción estratégica", evidenciada por el sistema de "nómina" y la compra de decisiones administrativas. Esto ha resultado en una

"paradoja de securitizarían-fracaso", caracterizada por una tasa de condenas del cero por ciento para funcionarios cómplices y la operación sin impedimentos de industrias ilícitas. El estudio concluye que Tailandia demuestra una condición de "gobernanza en la sombra", donde el monopolio de la fuerza del Estado es efectivamente compartido con empresas criminales.

Palabras clave: Crimen Organizado Transnacional, Trata de Personas, Corrupción Estratégica, Gobernanza en la Sombra, Tailandia, Soberanía Estatal.

INTRODUCTION

The post-Cold War international security environment has been defined by the shift from state-centric military threats to diffuse, non-traditional security challenges that transcend national borders (Zabyelina, 2009). Among these, Transnational Organized Crime (TOC) represents a profound failure of the Westphalian state system's ability to control flows of people, money, and illicit goods. Human trafficking, particularly for sexual exploitation, stands as a particularly egregious manifestation of this failure (United Nations Office on Drugs and Crime [UNODC], 2024). It is a crime that violates fundamental human rights while simultaneously eroding the legal and institutional foundations of the state.

In Southeast Asia, the Kingdom of Thailand occupies a critical geopolitical position as a primary source, transit, and destination country for this illicit trade (U.S. Department of State, 2024). The resilience of trafficking networks operating within and through Thailand presents a perplexing puzzle: despite significant legal reforms, the adoption of the Anti-Trafficking in Persons Act B.E. 2551, and the formal "securitization" of trafficking as a national threat, the state appears unable to effectively enforce its will against criminal actors. The persistence of these networks cannot be adequately explained by resource constraints or a lack of political rhetoric. Rather, the resilience of trafficking networks appears to be directly linked to their ability to exploit and co-opt state institutions, specifically the Royal Thai Police (RTP) and the judiciary (Lelliott & Miller, 2023).

This phenomenon moves beyond domestic criminal justice concerns and becomes a critical subject for International Relations (IR) inquiry. It challenges the Weberian definition of the state as the entity possessing a monopoly on the legitimate use of force (Cribb, 2009). When criminal networks can purchase immunity, direct police operations, and utilize state infrastructure

for illicit ends, they are not merely breaking the law; they are competing with the state for sovereignty.

The central research problem is the disconnect between Thailand's de jure commitment to combating trafficking and the de facto impunity enjoyed by major syndicates. This research posits that this gap is not accidental but is the product of a specific mechanism of interaction between the criminal and the political. Therefore, this study investigates the following research question: **To what extent does the exploitation of institutional vulnerabilities within law enforcement and the judiciary perpetrated by transnational sex trafficking networks undermine Thailand's national security?**

Current scholarship on this issue is fragmented. One strand of literature, the "state-erosion" thesis represented by scholars like Yuliya Zabyelina (2009), views TOC as an external force that overwhelms state capacity through globalization. Conversely, the "state-adaptation" thesis (Andreas & Nadelmann, 2006) argues that states use the threat of crime to expand their regulatory power. However, neither fully explains the Thai context, where the state has expanded its powers formally but failed functionally. Recent regional studies by Lelliott and Miller (2023) have begun to map the "nexus" between corruption and trafficking but often treat corruption as a facilitator rather than a strategic weapon. A gap remains in systematically applying the framework of "strategic corruption" defined as a deliberate tool of political subversion to the agency of trafficking networks in Thailand (Pozsgai-Alvarez & Huss, 2025).

The general objective of this study is to analyze the mechanisms by which trafficking networks neutralize the Thai security apparatus. Specific objectives include identifying the pre-existing structural vulnerabilities within Thai law enforcement and judicial institutions, documenting the specific strategies employed by networks to exploit these weaknesses, and

explaining how this interaction results in the formation of "shadow governance" structures that compromise national security. This research is significant for its contribution to both policy and theory. Practically, it addresses a critical humanitarian and security crisis. Theoretically, it bridges the gap between empirical reports of failure and high-level IR theories of state sovereignty. By framing criminal networks as rational political actors that "hollow out" the state, this project contributes to the literature on state fragility and the evolution of sovereignty in the 21st century.

The remainder of this paper is structured as follows: Section 2 provides a review of the literature, establishing the theoretical framework of "strategic corruption" and "shadow governance." Section 3 explains the research design and methodology, detailing the single case study approach and qualitative content analysis. Section 4 presents empirical results, categorizing the findings into institutional vulnerabilities, network strategies, and security failures. Section 5 discusses these findings in relation to the research question, interpreting the "securitization-failure paradox." Finally, Section 6 offers conclusions and recommendations for future policy and research.

LITERATURE REVIEW

The architecture of international security has undergone a profound metamorphosis in the post-Cold War era, necessitating a fundamental re-evaluation of how scholars understand the power dynamics between the state and non-state actors. For centuries, the Westphalian state system served as the primary unit of analysis for security scholars, predicated on the rigid principles of territorial integrity and the state's absolute monopoly on the legitimate use of force (Cribb, 2009). In this traditional paradigm, threats were largely exogenous, defined by the military capabilities of rival states, and borders were viewed as hard shells protecting the sovereign entity. However, the twenty-first century has witnessed the ascendancy of non-traditional security threats that defy these conventional boundaries, with Transnational Organized Crime (TOC) emerging not merely as a law enforcement challenge, but as a strategic competitor to the state itself (Zabyelina, 2009).

This shift has triggered a vigorous and unresolved debate within International Relations (IR) scholarship regarding the resilience of state sovereignty, a discourse primarily polarized between two competing theoretical frameworks: the "State-Erosion" thesis and the "State-Adaptation" thesis.

The "State-Erosion" thesis, articulated by scholars such as Yuliya Zabyelina (2009), posits that globalization has fundamentally altered the balance of power between state and non-state actors, often to the detriment of the former. Zabyelina (2009) argues that TOC is inherently an international phenomenon that capitalizes on the very mechanisms of globalization free trade, rapid communication, and financial deregulation that drive the legitimate global economy. From this perspective, criminal networks are not merely deviant actors but formidable competitors that threaten the authority of nation-states by minimizing their capacity to contain expanding criminal

activities (Zabyelina, 2009). The logic here is one of structural overwhelm: the fluidity, speed, and adaptability of criminal networks allow them to outmaneuver the rigid, hierarchical bureaucracies of the traditional Westphalian state. The United Nations Office on Drugs and Crime provides significant empirical support for this view, documenting how networks in Southeast Asia have utilized spatially dispersed resources to create "zones of impunity" that effectively render borders obsolete (UNODC, 2024).

Conversely, the "State-Adaptation" thesis, championed by Peter Andreas and Ethan Nadelmann (2006) in their seminal work Policing the Globe, offers a robust counter-narrative. They contend that states are not passive victims of globalization but are actively reconstructing their power in response to these emerging threats. Rather than eroding sovereignty, the threat of transnational crime provides a powerful justification for its expansion (Andreas & Nadelmann, 2006). Through the process of "securitization" framing crime as an existential threat to the nation states legitimize the extension of their coercive powers, the drastic expansion of surveillance apparatuses, and the creation of trans-governmental enforcement networks. This creates a "thickening" of cross-border policing relationships, where the state re-regulates global flows through enhanced international cooperation (Andreas & Nadelmann, 2006).

Thailand's trajectory initially appears to align with this adaptation model. In response to sustained international pressure, particularly from the United States via the Trafficking in Persons (TIP) Report mechanism, the Thai government has formally securitized human trafficking (U.S. Department of State, 2024). It has enacted comprehensive legislation, such as the Anti-Trafficking in Persons Act B.E. 2551, and established specialized units like the Anti-Trafficking in Persons Division (ATPD). However, the persistence of the trade despite this accretion of formal state power suggests a critical flaw in the adaptation argument when applied

to weak or compromised institutional contexts. The expansion of state power on paper has not translated to effective control in practice, indicating that the mechanism of failure is not a lack of resources, but rather a structural integration of crime into the state apparatus.

To understand why "state adaptation" fails to materialize in the Thai context, one must examine the specific mechanism that undermines enforcement: corruption. Lelliott and Miller (2023), in their analysis of the nexus between corruption and trafficking in Southeast Asia, argue that corruption is integral rather than incidental. Their research demonstrates that corrupt relationships are essential for every stage of the trafficking process, from subverting immigration controls to preventing investigation and punishment. A critical insight from their work is the relationship between enforcement and corruption; they posit that stricter migration controls, if implemented without corresponding anti-corruption measures, actually amplify corruption risks (Lelliott & Miller, 2023). As legal avenues for migration close and enforcement tightens, the premium on illicit entry rises, increasing the financial incentives for officials to accept bribes. This creates a perverse feedback loop where "state adaptation" (stricter laws) directly fuels the "state erosion" (corruption) it is meant to combat (Lelliott & Miller, 2023).

However, existing literature on the nexus often stops at describing corruption as a generic "facilitator," failing to interrogate the agency of the criminal networks in systematically fostering it. Policy reports, such as the U.S. Trafficking in Persons Reports (2024, 2025) and assessments by Human Rights Watch, consistently identify official complicity as the primary obstacle to progress, documenting how police purposely compromise investigations due to low pay and the normalization of bribery. While these sources provide rich empirical data confirming that corruption occurs, they lack a theoretical explanation for how it is weaponized. They describe a passive failure of integrity rather than an active strategy of network dominance.

This research addresses this specific gap by moving beyond the description of corruption to the analysis of "Strategic Corruption". Defined by Pozsgai-Alvarez and Huss (2025), this framework views corruption not as a moral failing or a petty transaction, but as the deliberate use of corrupt practices to advance strategic goals, specifically the subversion of political and economic processes. While originally applied to state actors, this concept is uniquely suited to explain the behavior of TOC networks in Thailand. It reframes them as rational political actors who view corruption as a strategic investment in "institutional capture".

This concept of strategic corruption resolves the "securitization-failure paradox" of the confounding gap between the state's declared war on trafficking and its actual failure to fight it. It leads to the condition of "Shadow Governance" or "parapolitics," as defined by Robert Cribb (2009). Cribb describes this as the clandestine relationship between state security apparatuses and criminal syndicates, resulting in a "dual state": the Formal State that interacts with the international community, and the Parastate that protects criminal interests. In this "dual state" reality, the formal government passes laws to satisfy international norms, while a clandestine "parastate" comprising corrupt officials and criminal operatives ensures that these laws never threaten the core economic interests of the syndicates.

Current scholarship remains fragmented; it either describes the empirical failure via policy reports or theorizes the outcome via shadow state theory, without connecting the two through the lens of criminal agency. No study has yet systematically applied the "strategic corruption" framework to trace the agency of trafficking networks in Thailand. This research fills that gap by investigating how these networks actively and rationally manipulate institutional vulnerabilities transforming corruption from a passive "facilitator" into an active "strategy" to construct the shadow governance structures that neutralize the state. By bridging the divide

between the theoretical debates of state erosion and the empirical realities of the corruption-trafficking nexus, this review establishes the necessary framework for understanding how Thai sovereignty is not merely being eroded from the outside but hollowed out from within.

METHODOLOGY

This research employs a qualitative, empirical approach organized within a single explanatory case study design to investigate the extent to which transnational sex trafficking networks exploit institutional vulnerabilities within Thai law enforcement and the judiciary to undermine national security. This methodological framework is deliberately chosen to facilitate an in-depth analysis of the complex causal mechanisms linking criminal activity, institutional corruption, and national security outcomes dynamics that quantitative data alone cannot adequately capture. The approach is empirical in its orientation, aligning with the tradition of social science inquiry that aims to explain observable phenomena in the world. It treats state institutions, criminal networks, and security failures as objective realities and seeks to test the proposed relationship between them through the systematic collection and analysis of evidence.

The study is structured as an explanatory, hypothesis-testing single case study of Thailand. According to Robert K. Yin's definition of case study research, this method allows for the intensive study of a single unit to understand a larger class of similar units. The selection of Thailand is not arbitrary but represents a "critical case" for examining the intersection of transnational organized crime and state fragility. Thailand serves as a critical case because it presents a theoretical anomaly: a convergence of high state capacity evidenced by advanced legal frameworks, specialized police units, and significant international funding alongside persistently high rates of enforcement failure. This contrast allows the research to isolate "strategic corruption" as the intervening variable explaining why state capacity does not translate into state control. By focusing on this single, high-stakes environment, the study aims for "analytic generalization," where the causal mechanisms identified can provide a theoretical model applicable to other contexts of state capture.

To ensure methodological transparency and rigor, the core concepts of the hypothesis are strictly operationalized. The independent variable, "Strategic Corruption," is differentiated from petty bribery and is operationalized by the presence of organized "payroll" systems and the active intervention of officials to sabotage investigations (Pozsgai-Alvarez & Huss, 2025). Indicators for this variable include documented financial flows between syndicates and officials, such as those revealed in the "Big Joke" investigation (Khaosod English, 2024). The dependent variable, "National Security Failure," is operationalized not merely as the presence of crime, but as the observable erosion of state sovereignty (Cribb, 2009). Specific indicators include the "Judicial Shield" measured by conviction rates of complicit officials and "Territorial Ceding," defined by the existence of border zones where state forces cannot operate effectively (UNODC, 2024). The intervening mechanism, "Shadow Governance," is operationalized as the formation of a dual state structure where decision-making power regarding enforcement is transferred from formal institutions to informal networks (Cribb, 2009).

Given the clandestine nature of transnational criminal networks and the significant physical security risks associated with field research in this domain, this study relies exclusively on a rigorous Documentary Approach for data collection (Yin, 2018). The integrity of the findings is ensured through the triangulation of data from three distinct categories of sources (Yin, 2018); a technique used to corroborate findings and mitigate the inherent biases of any single source type. The data corpus is composed firstly of Official Policy and Legal Documents, including Thailand's Anti-Trafficking in Persons Act B.E. 2551, Royal Thai Police organizational orders, and national security strategies. These primary sources establish the de jure institutional framework and stated policy objectives. The second category is Reputable Reports, or "Gray Literature," which includes in-depth assessments from intergovernmental organizations like the

United Nations Office on Drugs and Crime (UNODC) and the United States Institute of Peace (USIP) 2024 Report on transnational crime. This category also encompasses the U.S. Department of State's annual Trafficking in Persons (TIP) Reports. These documents provide critical empirical data on the de facto situation, including statistics on investigations, prosecutions, and expert assessments of institutional weaknesses. The third category comprises Secondary Academic and Investigative Sources, utilizing peer-reviewed literature and high-quality investigative journalism regarding specific corruption cases, such as the "BNKMaster" network, to provide narrative evidence that connects disparate data points.

The analysis of the collected documentary data proceeds in a two-stage process designed to systematically reduce the data and construct a causal explanation. First, the study employs Deductive Qualitative Content Analysis (QCA). Following the procedures outlined by Saldaña, the analysis utilizes "Structural Coding" as a First Cycle method. A deductive coding framework is developed based on the core components of the research hypothesis, applied to the entire data corpus. Documents are coded for themes related to institutional vulnerabilities (e.g., factionalism, low salaries), network exploitation strategies (e.g., visa purchasing, payroll lists), and security failures (e.g., dropped charges, border porosity). This structural coding allows for the rapid categorization of extensive textual data into thematic clusters, highlighting the frequency and density of corruption indicators across different sources.

Second, the coded data is used to conduct Causal Process-Tracing. As defined by George and Bennett, this technique is used to trace the intervening causal process into the chain of events and mechanisms between the independent variable and the outcome. This stage moves beyond simply identifying the presence of coded themes to construct a detailed causal narrative. The analysis reconstructs specific sequences of events to demonstrate precisely how an identified

institutional vulnerability was exploited by a trafficking network to produce a negative security outcome. For example, the research traces the causal chain in the recent high-profile police corruption cases, moving from the generation of illicit revenue to the strategic transfer of funds via "payroll" systems, leading to institutional paralysis and, finally, enforcement failure. By verifying the links in this chain with diagnostic evidence, the narrative reconstruction provides the crucial explanatory link between the variables in the hypothesis, confirming that the observed security failures are the result of a deliberate strategy of state capture rather than accidental inefficiency.

RESULTS

The qualitative content analysis of the data corpus reveals a systemic compromise of the Thai state's enforcement apparatus. The findings are categorized into three thematic domains: Institutional Vulnerabilities, Network Exploitation Strategies, and National Security Failures.

Institutional Vulnerabilities: The Architecture of State Compromise

The data consistently identifies specific, pre-existing structural flaws within the Royal Thai Police (RTP), Immigration Bureau, and Judiciary that serve as entry points for criminal influence. The most pervasive vulnerability identified in the primary source documents is systemic corruption within the RTP leadership. The 2024-2025 investigation into Deputy National Police Chief General Surachate Hakparn, known as "Big Joke," serves as a definitive data point regarding the scale of this vulnerability (Khaosod English, 2024). Documents reveal that General Surachate was implicated in money laundering operations linked to the "BNKMaster" and "Betflix" online gambling networks, which share financial infrastructure with trafficking syndicates (Khaosod English, 2024). Investigative reports accused Surachate and over 30 senior officers of being on the direct "payroll" of these networks, receiving monthly transfers derived from illicit revenues (Khaosod English, 2024). This internal power struggle between factions created a state of "factional paralysis," diverting resources away from enforcement and creating a vacuum for networks to exploit.

A second critical node of vulnerability identified is the Immigration Bureau, which acts as a compromised gatekeeper. A significant finding involves the prosecution of immigration officials charged with illegally issuing long-term visas to Chinese nationals associated with "grey

capital" syndicates (U.S. Department of State, 2024). The vulnerability here is administrative discretion; officials used their power to sell legal residency to criminal operatives, allowing them to embed logistical hubs within Thailand while operating scam centers in neighboring Myanmar and Cambodia. Furthermore, the judicial process exhibits a "bottleneck" where arrests fail to translate into convictions. Data indicates that prosecutors rejected a significant percentage of trafficking cases in recent years, often citing "insufficient evidence" caused by compromised police investigations, or instances where police "mislabel" trafficking cases as smuggling to boost statistics while carrying lighter penalties (U.S. Department of State, 2024).

Network Exploitation Strategies: The Mechanics of Evasion and Revenue Generation

Transnational networks act as rational agents, employing strategies specifically designed to leverage the vulnerabilities identified above. The primary strategy is the "payroll" mechanism, which functions as a fixed operational cost rather than incidental bribery. The investigations into high-level police corruption revealed that networks maintain lists of officers receiving monthly transfers (Khaosod English, 2024). This investment yields specific strategic returns, including advance warning of raids and protection from prosecution.

Crucially, the research identifies a massive financial incentive driving this strategic corruption. A 2024 study by the United States Institute of Peace (USIP) estimates that criminal syndicates in the Mekong region, including those operating through Thailand, generate approximately $43.8 billion annually from scam operations (United States Institute of Peace [USIP], 2024). This figure represents nearly 40% of the combined GDP of Laos, Cambodia, and Myanmar (USIP, 2024). This immense revenue stream allows criminal networks to outspend state

law enforcement, purchase advanced technology, and secure the complicity of high-ranking officials.

The networks have also executed a "Technological Pivot," diversifying into "cyber-scam" operations that create a hybrid trafficking model (USIP, 2024). These "fraud factories" exploit victims for forced labor in online scams while often subjecting them to sexual exploitation within the same compounds. A key strategy identified is "Infrastructure Parasitism." Networks established scam centers in Myawaddy and Poipet just across the border to evade Thai jurisdiction, yet they relied on electricity and internet cables running directly from Thailand (USIP, 2024). This allowed them to use Thai state utilities to power criminal enterprises targeting global victims. Furthermore, recruitment strategies have evolved to target skilled, multilingual individuals from over 100 countries using fraudulent social media ads for high-paying tech jobs in Bangkok, exploiting Thailand's economic reputation to lure victims into forced criminality (U.S. Department of State, 2024).

National Security Failures: The Measurable Impact

The interaction of vulnerabilities and strategies results in quantifiable failures of national security. The most glaring evidence of state capture is the failure to convict complicit officials. Data from the U.S. Trafficking in Persons Reports (2023-2025) illustrates this failure vividly. Despite the government initiating investigations into officials accused of complicity 20 officials in 2023 and 3 officials in 2024 the courts did not report convicting or sentencing a single complicit official during these reporting periods (U.S. Department of State, 2024; U.S. Department of State, 2025). This 0% conviction rate serves as empirical proof of a "judicial shield." Investigations are often initiated to satisfy international pressure, but the "shadow governance" structure ensures they never result in accountability.

This impunity has facilitated the rise of a "Shadow State" that distorts the national economy. The influx of the estimated $43.8 billion in illicit revenue fuels inflation in real estate, particularly through "grey capital" property purchases, and threatens the integrity of the financial system through large-scale money laundering (USIP, 2024). Furthermore, the state has effectively lost its monopoly on violence in border zones, where armed guards protect criminal compounds that operate with impunity. The findings demonstrate that the state's security apparatus has been neutralized from within, allowing transnational networks to operate a multi-billion-dollar industry that rivals the formal economy in scale and influence.

DISCUSSION

This analysis of Thailand's counter-trafficking efforts reveals a profound and persistent disconnect between the state's formal security commitments and its empirical enforcement outcomes. This discussion interprets the findings to argue that this failure is not the result of passive incapacity or insufficient resources, but rather the intended outcome of a deliberate, rational strategy of "strategic corruption" perpetrated by transnational organized crime (TOC) networks. This process has successfully neutralized the state's security apparatus from within, resolving the central "securitization-failure paradox" by revealing the existence of a parallel "shadow governance" structure.

Interpreting the Findings: The Rationality of the "Payroll" System The central puzzle motivating this research was why Thailand, despite possessing the legal tools to combat trafficking, consistently fails to secure convictions. The findings provide a definitive answer: the state's failure is a product of the networks' success. The documented 0% conviction rate for complicit officials is not an anomaly; it is the statistical signature of effective state capture (U.S. Department of State, 2025). The research identified that networks view corruption not as a moral failing but as a necessary operating expense. The $43.8 billion annual revenue generated by these syndicates provides them with financial resources that dwarf the operational budgets of local law enforcement (USIP, 2024). This immense disparity creates a structural necessity for "strategic corruption" (Pozsgai-Alvarez & Huss, 2025). When a police general's salary is a fraction of what a syndicate can offer in a single monthly "payroll" transfer, the rational choice for the officer in the absence of strong oversight is complicity (Lelliott & Miller, 2023).

Theoretical Implications: Rejecting "State Adaptation" for "State Capture" These findings have significant implications for International Relations theory. The study explicitly

tested the "state-adaptation" thesis proposed by Andreas and Nadelmann (2006), which suggests that states use the threat of transnational crime to expand and strengthen their regulatory power. Thailand's behavior initially appears to fit this model: it has passed the Anti-Trafficking Act, created specialized task forces, and engaged in high-profile "securitization" rhetoric. However, the empirical evidence of this case study constitutes a profound rejection of the "state-adaptation" model in the Thai context. The "adaptation" has been hollow. The expansion of state power (e.g., new border controls, new police units) has not led to effective regulation but has instead created new, centralized nodes for extraction. As Lelliott and Miller (2023) warned, without integrity, stricter controls simply "amplify corruption risks" by increasing the bribe price for evasion.

Instead, the findings strongly support the "state-erosion" thesis (Zabyelina, 2009) but refine it through the lens of "Shadow Governance" (Cribb, 2009). Thailand is not "eroding" in the sense of collapsing into anarchy; rather, it has evolved into a "dual state." There is the Formal State, which passes laws to satisfy international norms and maintain trade relationships, and the Parastate (shadow government), which controls the actual implementation of those laws to protect the $43.8 billion criminal economy. The 107 immigration officials who sold visas to the "grey capital" network were not rogue actors; they were functionaries of this shadow state, using their official administrative power to facilitate the very crimes they were sworn to prevent.

Policy Implications: The Futility of Technical Solutions The identification of "strategic corruption" as the core mechanism of failure has urgent policy implications. International donors and the Thai government often focus on "capacity building" providing more training, better equipment, or new technologies to the police. This research suggests such measures are futile and potentially counter-productive. The problem is not that the Royal Thai Police *cannot* find the traffickers; the problem is that they are paid *not* to find them. The "Big Joke" investigation

revealed that senior officers were using sophisticated financial systems to manage their bribe payments. Therefore, providing more technology to a captured institution may simply make the "shadow state" more efficient. Effective policy must shift from "capacity building" to "insulation" and "disruption" (USIP, 2024). This implies creating anti-corruption bodies that are completely independent of the police chain of command and shifting the enforcement focus from arresting low-level brokers to attacking the financial infrastructure the $43.8 billion flow that makes the "payroll" system possible (USIP, 2024).

Limitations of the Study This research acknowledges the limitations inherent in a single case study design. While the findings provide a deep explanation of the Thai context, they cannot be statistically generalized to all Southeast Asian nations, although the presence of similar scam centers in Myanmar and Cambodia suggests a regional pattern. Furthermore, the reliance on a documentary approach means the analysis is constrained by what has been recorded. The "unwritten rules" of corruption, the handshake deals and verbal orders remain invisible to this methodology. We can observe the *outcome* (zero convictions) and the *accusations* (payroll lists), but the specific negotiating processes of the shadow state remain obscured.

Directions for Future Research This study opens critical avenues for future research. First, the finding regarding the $43.8 billion revenue stream demands a dedicated Financial Forensics Analysis. Future research should investigate the specific mechanisms used to launder this massive capital into the legitimate Thai economy, specifically analyzing the real estate and cryptocurrency sectors. Second, a Comparative Analysis is needed to test the "shadow governance" model across the Mekong region. Does the "dual state" operate identically in Laos and Cambodia, or do different regime types (military junta vs. authoritarian party) produce different patterns of strategic corruption? Finally, research should examine the role of External

Actors, specifically China, in this dynamic. To what extent does the "grey capital" influx represent a form of foreign influence operation, where criminal networks act as proxies for geopolitical expansion? Answering these questions is vital for dismantling the shadow governance structures that currently threaten the security of the entire region.

CONCLUSION

This research has systematically investigated the paradox of Thailand's counter-trafficking efforts, revealing a profound and persistent disconnect between the state's formal security commitments and its empirical enforcement outcomes. The study sought to determine the extent to which transnational sex trafficking and cyber-scam networks exploit institutional vulnerabilities to undermine national security. The findings provide a definitive answer: these networks have not merely evaded the state but have successfully neutralized its security apparatus from within through a rational, deliberate strategy of "Strategic Corruption" (Pozsgai-Alvarez & Huss, 2025). The empirical evidence ranging from the zero-percent conviction rate for complicit officials in recent reporting periods to the generation of massive illicit revenue confirms that the state's monopoly on force has been effectively compromised (United States Institute of Peace [USIP], 2024; U.S. Department of State, 2025).

Theoretically, the implications of this study constitute a strong rejection of the "State-Adaptation" thesis in the Thai context (Andreas & Nadelmann, 2006). While the state has adapted formally by creating new laws and specialized units, this adaptation has been "hollowed out" by the mechanisms of the "Shadow State" (Cribb, 2009). The expansion of state power has paradoxically expanded the surface area for corruption, as stricter controls have increased the incentives for bribery without increasing the integrity of the enforcers (Lelliott & Miller, 2023). Instead, the reality reflects a model of "State Capture," where criminal networks have purchased the "keys to the gate." The formal state continues to perform its diplomatic and legislative functions, but the shadow state composed of the nexus between high-ranking corrupt officials and transnational syndicates governs the illicit flows, ensuring that the criminal economy remains disrupted only by selective enforcement against non-paying rivals.

Practically, the identification of strategic corruption as the core mechanism of failure implies that traditional "capacity building" solutions are futile and potentially counter-productive. Providing more funding, technology, or equipment to a captured institution will likely only increase the efficiency of the shadow governance structure. The problem is not that the Royal Thai Police lack the capacity to locate trafficking networks; the evidence suggests they are financially incentivized not to find them. The "payroll" system identified in this research creates a symbiotic relationship where the financial loyalty of key officials lies with the criminal enterprise rather than the state (Khaosod English, 2024).

Therefore, effective policy must pivot from capacity building to "insulation" and "disruption". This requires the establishment of anti-corruption bodies that are completely independent of the police chain of command to break the "judicial shield" that currently protects high-level offenders. Furthermore, enforcement strategies must shift focus from arresting low-level brokers to targeting the financial infrastructure that sustains the shadow state. Following the "grey capital" flows and severing the physical infrastructure, such as electricity and internet that connects the Thai state to border scam compounds, is essential. Unless Thailand moves to reclaim its institutions from this condition of shadow governance, its war on trafficking will remain a performative act, and its national sovereignty will remain fundamentally compromised by the very forces it claims to fight.

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