

# 2014 Book Project

*“Let’s get our freedom back”*

A libertarian approach to current issues by Students  
Organized by the Austrian Economics Center (AEC)  
Vienna, Austria



***The main goal of the Austrian Economics Center (AEC) is to help create a prosperous society of free and responsible citizens by improving public understanding of key economic questions and promoting the ideas of the Austrian School of Economics as a viable economic alternative to today's economic policies.***

***In support of its goals, the AEC carries out a range of activities as both a public policy think-tank and academic research institute. It considers many topical and timely questions concerning economic and social policies, and publishes analyses, working papers and other studies inspired by the ideas of the Austrian School of Economics. The AEC cooperates closely with many other institutions and organizations. It helps organize and sponsor international conferences such as the Free Market Road Show® and is a local sponsor of Liberty Fund Colloquia. The AEC is non-partisan and politically independent. It has the accounting status of a scientific organization. Thus, all donations to the AEC are tax-deductible.***

**For Further Information, please visit [www.austriancenter.com](http://www.austriancenter.com)**



“Sex is legal. Selling is legal. Why is selling sex illegal?” –

## A Case for decriminalizing Prostitution.

Roland Fritz is a master student in socioeconomics at the Vienna University of Economics and Business (WU) and a research fellow at the Austrian Economics Center.

Abstract: *In this paper I introduce an economic way to look at the phenomenon of prostitution and analyze the advantages and shortcomings of different regimes legislating the activity. Special emphasis is thereby put on the so called ‘Swedish/Nordic model’, which proposes the criminalization of the purchasing of sexual services but not the supplying of those. I present empirical evidence on the poor records of this model and its degrading effects on the lives of sex workers and propose the complete decriminalization of prostitution as a remedy to this problem. Working conditions and environments of sex workers are usually much more welcoming and safe in countries that have legalized sex work.*

Keywords: *Prostitution, Sex Work, Swedish Model, Prohibition, Legalization*

### Introduction and Relevance of the Topic

The moment that I write this, the institution of prostitution is under vigorous attack. All across Europe existing legalization- regimes are being challenged and alternative models are being proposed. Those stretch from the complete abolition of prostitution to the so called 'Swedish or Nordic model', which outlaws the purchasing of sexual services but does not criminalize the parties supplying the services in question. Especially the latter proposal enjoys great popularity among European politicians and its implementation is very likely to be discussed on an EU-level in the near future.

The question whether to legalize or criminalize sex work is by no means a trivial decision. It is estimated that the sex industry creates between 5000 and 7000 billion dollars in sales volume worldwide. (cf. Monzini, 2005: p. 24) It can be reckoned that in Europe alone around 500.000 women works as prostitutes, (cf. Moffat 2005: p. 202) so changes in the handling of the legal matters regarding this profession affect quite large parts of the population.

Unfortunately, one particularity of debates about how to handle prostitution is that it constitutes a very emotional topic for many people. Discussions about it have the tendency to be waged on very emotional terms and it can be very difficult to have serious conversations on the matter and to 'let the facts speak for themselves', as they say. But moral outrage is not helpful in any way when deciding whether prostitution should be legal or not, and those individuals who loudly call for state intervention to abolish this institution should be careful not to initiate developments that might lead to outcomes that they themselves would not approve of. Therefore the aim of this

paper is to use socioeconomic analysis to show that people who feel for and want to help prostitutes are mistaken if they think that outlawing sex work or the consumption of sexual services does help in any way to improve the situation of the suppliers of those services. To demonstrate this I will at first provide a theoretical backdrop and examine how sex work is usually dealt with by economic theory. Subsequently I will introduce the reader to how prostitution is handled in countries like Norway or Sweden and present empirical studies that evaluate the outcomes of their policies. Finally I will discuss potential benefits of legalized sex work and speak in favor of the implementation of a policy-regime dedicated to the decriminalization of prostitution.

### Prostitution as Trade

Before continuing the analysis I will specify how prostitution can be viewed in light of economic theory. First of all, I will define the term 'prostitution' as the undertaking of sexual actions for payment, as it has outlined by Edlund and Korn. (2002, p. 183) I will use the terms 'sex work' and 'to provide sexual services' synonymous with prostitution. Further it should be noted that I will refer to prostitution as to the act of a male paying for sexual services provided by a female. This is a simplification since sexual services are also being sold by males to females, furthermore they are also being exchanged between members of the same sex. However, the vast majority of these transactions are consummated from females to males. (cf. Moffat, 2005, p. 194) Also, everyday speech seems to portray prostitution as a service that is being sold by women to men. In this light I will use the term 'prostitution' to identify exactly this trade relationship between men and women and will, by using it, not refer to other conceptions of prostitution. It should be noted though that the logic proposed here will also be valid for other cases that do not correspond to the usual exchange setting for sexual services. Furthermore I want to define the scope of my analysis to prostitution on a voluntary basis only. Writing about benefits of the legalization of sex work does not imply approval of forced prostitution or the practice of human trafficking, which are often mentioned in the same breath with ordinary sex work. Those practices constitute criminal offences and should be subject to strict legal pursuit. They do not and need not necessarily go hand in hand with prostitution.

Nearly all feminist conceptions and partly also common wisdom tend to view prostitution as exploitation of the woman by men. A woman receives payment by a man and promises in turn to give her body to the payer, which for many people constitutes a relationship characterized by structural disparities. (cf. Nussbaum, 1999, p. 277f) Some people would even go so far as to call prostitution a crime. Steven Wagner, an activist opposed to sex work, puts it this way: *“In short, prostitution cannot be considered work. ‘Sex work’ is merely an attempt to put lipstick on the pig of commercial sexual exploitation, to normalize what is in fact a crime.”* (Wagner, 2013) Most economists would dismiss this view, defining prostitution much rather a conscious act between consenting adults that can be viewed as an ordinary trade. One can also hold that a prostitute is not selling her body as many feminists claim, but that she is rather providing a service to a paying customer. This service is likely to include many more things than just certain body-functions and the satisfaction of the customer will usually depend on many other variables such as tenderness, empathy and experience. In fact, the female feminist philosopher Martha Nussbaum postulated in her book *Sex and Social Justice* that not only prostitutes depend on their body in order to be able to pursue their profession. Factory workers and opera singers, as well as lawyers and doctors all depend on the use of their bodily functions in order to be able to make a living. Viewed under this light the profession of a sex worker is not at all different from other ways to earn money, and the stigmatization of it as being undesired or unacceptable is at odds with women’s abilities to live their lives as they please. The notion that women are so vulnerable to exploitation and need the legislative power of the state for their protection is, as Nussbaum claims, utterly anti-feminist. This way of thinking would draw a sharp dividing line between men and women in terms of their respective abilities to judge for themselves what they want to do with their lives. (cf. Nussbaum, 1999, p. 276 – 288)

One other scholar who very strongly argues to view prostitution as an exchange relation between consenting parties is the economist Walter Block. In his classic work ‘Defending the Undefendable’ he takes up the cudgels for all sorts of socially unaccepted professions and activities like moneylending or drug dealing, including prostitution. He hints at the fact that opposition to and the impetus to illegalize prostitution never comes from the parties involved. Prostitutes and suitors are obviously fine with the trade they are engaging in, otherwise they would not enter the exchange. It is always third parties that initiate the impetus for the prohibition of prostitution, the

motivations for which may lie in self interest (people might feel bothered by visible prostitution in their neighborhoods) or in moral and religious beliefs that view sex work as contemptible. These critics however are not part of the trade and are usually not affected by it in any way, that is why Block concludes that *“they have neither stake nor standing in the matter, and should be ignored”*. (Block 1976, p. 24) He argues that society should not have the right to deter consenting adults from taking part in sexual exchanges, just as it does not have the right to deter anyone from exchanging cake or dairy products. While almost everybody will judge the idea of outlawing the trade of milk or cheese as absurd or laughable, things are very different with regard to sexual services. In Block’s mind too much attention is been given to non-involved captious critics in those cases. His view is also consistent with the view that prostitution constitutes a so called ‘victimless crime’. While in cases of murder, theft or rape a clear victim of the respective deed can be established, this is not the case with activities like drug consumption, the practice of homosexuality or prostitution for that matter. If people engage in these latter activities, usually nobody is harmed by the process and yet these activities are outlawed in many places of the globe. It is usually deemed that the prosecutor in those cases is ‘society’ or ‘the collective’, but I think that one does not depend on a lecture by Mr. Block to see such definitions as ambiguous and rather problematic.

Another argument against the notion that prostitutes are being exploited by their customers are the abnormally high wages paid in the industry. (cf. Cameron, 2002, p. 196f) Those can be seen as some sort of compensation payments to the suppliers of sexual services, who might have to forgo certain pleasant experiences because of their career-choice. This can be explained using opportunity costs, one of the key concepts of economics, which implies that people face trade-offs on a daily basis. The choosing of one alternative necessarily implies the impossibility of choosing other alternatives that might also have been desirable. Some economists have used this concept of opportunity cost to explain the unusually high wages paid to sex workers, given their relatively low skill level and the non-existing entry-barriers to the profession. Edlund and Korn propose to divide the market for sex into a primary and secondary market, where the primary market represents the market for marriage and the second one the market for sex. It can be argued that women usually derive utility, in the form of additional income and elevation of social status, from marriages (as might men, of course). However, even though being a prostitute does not

automatically detain a woman from marriage, social stigma and atypical working hours usually result in a lessened partner-pool for sex workers. Now, because the affected women have a lesser ability to marry while remaining occupied in this very profession, they have to be compensated for the forgone income that they could have attained in the marriage market. (cf. Cameron, 2002, p. 197f) This compensation should also include forgone utility by not being able to enjoy the benefits that a harmonious marriage offers or having a smaller likelihood of raising children. Other explanations of the unusually high wages paid to sex workers include compensation payments for the social exclusion that sex workers are confronted with or for the high risk usually associated with the practice of this profession. Moreover, long and anti-social hours, the provision for retirement and insurance on an informal level and rather high distaste for the performed work might also have the effect of raising wage rates in the industry. (cf. Della Giusta, 2008, p. 15)

One more interesting thing to consider is the fact that prostitutes themselves generally speak up in favor of legalization. (cf. Moffat, 2005: p. 224 or online-source 1) One might think that the very people involved in the activity speaking up in favor of legalization and acceptance of the occupation would disprove the feminist argument that prostitution constitutes not an exchange, but a one-sided relationship of exploitation. It is very likely that current European policy regarding sex-work does not take sufficient account of the knowledge, expertise and desires of the women active in the occupation.

After having considered Nussbaum's, Block's and sex worker's views on the matter, as well as having established that prostitutes usually get paid extraordinarily high wages for their services, I would like to conclude this chapter by stating that there can indeed be found many arguments, both in economic and philosophical thinking, in favour of the institution of prostitution. In fact, the whole rich body of classical liberal thinking, originating from 17<sup>th</sup>- century Europe would be able to deliver a staunch defence individual sovereignty, including the right to dispose of one's body and its fruits and skills as one pleases. (Dahrendorf, 1989, p. 183) However, matters are not very liberal on this continent at the moment. Indeed, the European discourse about the topic seems to be dominated by the view that prostitution is an evil in itself that should be curtailed, if not abolished altogether. On January 23<sup>rd</sup> 2014 the European Parliament's Women's Rights and Gender Equality Committee has voted for a report recommending the adoption of the 'Swedish Model'. This clearly

sets the tone regarding Europe's current position on the matter and is likely to result future policy-alterations on the European level. (cf. International Business Times, UK-Edition, 2014 and Online-source 2) In the following chapter I will approach the before mentioned model and briefly illustrate its advantages as well as its drawbacks.

### The Swedish/Nordic Model

Sweden, Norway, Iceland and, since December 2013, France have chosen a different way regarding the legal regime regulating the trading of sexual services. While prostitution is ostracized in those countries, the supply of services of that kind is not being punished. Swedish, Norwegian, Icelandic and French prostitutes do not make themselves culpable by pursuing their profession. Clients seeking and buying these services however are breaking the law and can face fines of up to €3750 or even 6 month in jail, depending on the country in question. (cf. The Atlantic Cities, 2013 and Moffat, 2005: p. 221) These legislative measures are designed to scare suitors to purchase the services in question and hereby reduce the overall amount of prostitution as well as the amount of human trafficking to those countries. The underlying moral notion is of course that prostitution is an evil in itself and should therefore be abolished, which proponents of the regime are happy to admit. (cf. Holmström et al, 2009, p. 35) The pendulum is generally striking out in favor of the abolition of prostitution all over Europe, as I have outlined in previous chapters. The 'Swedish Model' of outlawing prostitution, named sexköpslagen in the domestic language, is often portrayed as an example for future European policy.

Viewed in closer light though, certain problems with this kind of policy might catch one's eye. Coming in it has to be sympathetically established that this kind of policy is certainly better to decriminalize the supplying of sexual services than to legally persecute both parties to the trade. Women active in prostitution usually already belong to society's least fortunate groups and should not be goofed on further. So the decriminalization of the supply of prostitution is to be considered as very welcome, the effects of this change should not be considered as too far-reaching, though. It has been shown that the effects of the 'Nordic Model' on the circumstances under which supplying women have to work are just the same as they would be in case of a total prohibition of the buying and selling of sexual services. Since men still decide to demand sex work despite its

purchase being illegal, the institution of prostitution does not disappear overnight with the passing of a law like sexköpslagen. But prostitutes have to, in order to be able to obtain customers, guarantee for their security. This drives the activity underground and favors the geographical dispersion of sex care providers. Now trades will very often not take place in public buildings with other people near, but usually in the flat of either the supplier or the customer, which obviously leaves prostitutes vulnerable to violence and exploitation. (cf. Levy, 2013: p. 9)

Evidence on this matter is mostly collected in Sweden since this Scandinavian country was the first one to adopt the policy of sexköpslagen in 1999, and there is a huge amount of both quantitative and qualitative data available. Some findings seem to be contradictory and there is of course some variation in the data, but the general trend of the results is very clear. Although the amount of street-prostitution has reduced a bit, the overall effects in the reduction of the activity do not seem to be that great. (cf. Barnett et al, 2011: p. 13f) A significant shift from 'classical' street-prostitution has occurred towards the establishing of contact on the internet, (cf. Levy, 2019: p. 9) the location of the carrying out of the activity usually being private also in this case.

Some studies establish that a slight reduction in human trafficking to Sweden has indeed happened since the implementation of the ban on prostitution, which was one of the reasons for the implementation of sexköpslagen. The effect seems to be fairly small however. (cf. Cho et al, 2013: p. 77ff) It also has to be noted that human trafficking, precisely because of its illegal character, does not easily enter into statistics. The numbers that are being dealt with here constitute rough estimates and it is at least a little bit dubious that policy-decisions should be based on such vague statistics. As the authors of the already mentioned study put it: *"The problem here lies in the clandestine nature of both the prostitution and trafficking markets, making it difficult, perhaps impossible, to find hard evidence establishing this relationship."* (Cho et al, 2013: p. 82) However, the paper by Cho et al also states that, even if one could establish a clear relationship between the outlawing of prostitution and a decline in human trafficking to the respective country, the policy question could still be answered in favor of legality. Legalization of the industry usually leads to substantially improved working conditions for prostitutes, as well as being consistent with the notion of 'freedom of choice' for human beings (cf. p. 82).

An interesting study by Ulla Bjørndahl is especially relevant to the question of the effects of criminalization of the purchase of sexual services on the terms under which these activities are being carried out. She has dealt with the security of Norwegian sex workers and compared their situation from before the signing of the local prohibition law in 2009 to the situation of one and a half years after the law came into effect. She finds that many negative changes have occurred with regard to the working-conditions of prostitutes. First of all, the market is characterized by smaller demand because some males have stopped seeing prostitutes in fear of legal prosecution. Since the number of prostitutes offering their services has not decreased by much, as has been demonstrated in previous paragraphs, the market for sex-work in Norway can now be characterized as a buyers-market, leaving suitors in a very fortunate position to bargain. This has forced suppliers to lower their standards, forcing prostitutes to not turn down customers that they would rather not deal with, to give in to pressure to not use a condom, perform services that they are not comfortable with or move to unknown and potentially unsafe locations to carry out the exchange. Bjørndahl also established that the average customer of sexual services in Norway has changed since 2009. While those customers that prostitutes refer to as 'nice', which denotes an average man paying the agreed price and respecting the terms of the agreement, partially seem to have been driven out of the market, the same cannot be acknowledged with regard to 'mean' customers, who are much more likely to be intoxicated, threaten sex workers with violence and actually use force against them. So the few males who chose to refrain from buying sexual services after the introduction of criminalization most likely were law-abiding citizens and welcome customers to prostitutes, while those who impair and endanger the lives of suppliers were not at all discouraged by the legal changes and now make up a greater amount of the total client base, making Norwegian prostitutes' lives much harder. Further changes with negative outcomes include an individualization of prostitution and weakened support and feelings of community among sex workers and an increase in harassment and discrimination of women active in prostitution from society in general. (cf. Bjørndahl 2012: p. 32 – 37) She concludes by establishing that *"there appears to be a broad agreement among the support services that the women feel more vulnerable, more exposed to risk, and that they have less control in relation to the customer now than they did in the past."* (Bjørndahl 2012: p. 35)

Summarizing this chapter it has to be established that the 'Nordic-model', despite all the public support it receives, seems to be a complete failure. Neither prostitution itself nor human trafficking seem to have been reduced significantly by the policy-changes. But what is even worse is that the signing of the law reduces sovereignty and increases vulnerability for sex workers. These effects are well documented by both qualitative and quantitative research presented in this paper. Drawing from this apparent failure of the sexköpslagen and its counterparts in other countries one can infer that the best way to handle sex work is a policy of legalization. The following chapter will deal with various methods of decriminalizing prostitution and will hint at benefits and potential problems regarding various legalization- regimes.

#### The Ongoing Policy-Debate and potential Benefits of Legalization

The most important question with regard to the policy-evaluation of prostitution is the effect that legalization or de-legalization of the field might have. Here MacCound and Reuter (cf. 2001 via Moffat, 2005: p. 221) report a stunning result: No academic study has ever been able to establish a correlation between the legalization regime and the amount of prostitution prevalent in a society. In other words: Outlawing prostitution does not necessarily reduce the occurrence of prostitution. This is a very significant finding, which also explains the missing reduction of prostitution in Sweden reported in the previous chapter. Actually, this result is not so surprising if one considers similar studies that have been conducted on the consumption of drugs (cf. Miron, 2005, p. 45-47) or abortions (cf. Sedgh et al, 2012, p. 13), where the results generally point in the same direction. Stricter laws do not necessarily imply a big reduction in appearance of the outlawed activity, and regarding sex work the effects of various legislations seem to have no effect at all on the amount of prostitution prevalent in society.

However, it has to be noted that the criminalization of prostitution will have very severe effects on the modalities and the exact peculiarities of how the activity is being carried out. If the selling of sex-services is prohibited, this activity will not disappear, but it will divert to the underground, to the realm which economists call the informal sector. In that case the practice of sex-work will be completely hidden from authorities, which entails many suboptimal circumstances. The most serious disadvantage for sex workers in criminalized regimes is that they do not have access to the legal systems of their respective countries, which tends to increase the social problems associated

with prostitution greatly. Under such a regime sex workers cannot rely on the police to protect and assist them in case of nonpayment, rape or violence. In fact, they actually much rather have to conceal their activities from the executive branch. This drawback has given rise to the institution called procuring, pandering or pimping, which involves a male (pimp) or female (madam) taking care of the physical protection of a prostitute for the right to collect part of her earnings. Other services provided by procurers include advertising for sex workers and the provision of workspace. This may lead to a considerable loss of income for prostitutes due to exploitation and is also often associated with violence against them in cases of controversies or low revenues, especially if the procurer is male. It has to be stated that the institution of pandering exists only because of the criminalization of the activity – in a legalized environment there simply would not be any demand for the services supplied by pimps and madams. Paola Monzini, an Italian sociologist, concludes her study on the matter by saying that *“(...) the systems of exploitation benefit from illegality and the murky atmosphere in which prostitution takes place. Where such activity is criminal, various forms of exploitation spread with great ease.”* (Monzini, 2005: p. 138f) The profiteers of this ‘murky atmosphere’ are usually people with good links to the criminal underworld, since they are in the best position to supply the services needed by sex workers under such circumstances and might also exhibit the ruthlessness and brutality to persist in this unpleasant environment. So it should come as no surprise that roughly 70% of all prostitution in the United States is estimated to be run by organized criminals. (cf. Monzini, 2005: p. 139) This is by no means a desirable situation, and it is all to blame on laws prohibiting and criminalizing sex work.

It should be noted with regard to the preceding paragraph that also prostitutes working under the ‘Nordic-model’, who are not breaking the law by supplying their services and therefore could draw on the services provided by the police, are less likely to do so. The disapproving and discriminating environments in Norway seem to make many sex-workers feel that they are actually being criminalized and the police generally is not seen as an institution one can turn to when in need of help, but rather as a looming threat. (cf. Bjørndahl 2012, p. 33) So it can be concluded that the ‘Nordic- model’ is no remedy for the undesirable problem of procuring.

The legal status of sex work does not only negatively affect sex workers ability to draw on services of the police, it will also influence the way in which their services are offered. Brents and Hausbeck

carried out a qualitative study of occurrence and the handling of violence in brothels in Nevada, which is the only US-American state to have legalized prostitution in most of its counties. They found that *“there is strong indication (...) that legal brothels generally offer a safer working environment than their illegal counterparts.”* (Brents and Hausbeck, 2005: p. 294) The improvement in working conditions for prostitutes occupied in brothels is even much greater of course compared to their colleagues active in hustling. They explain this with the particular incentive-structures of brothel-owners, whose primary goal is to run a successful business. But in order to be able to do that they have to keep up and compete with other business of that sort, resulting in increased quality all over the industry. The researchers have found that Nevada brothels are exemplary regarding the keeping down of violence passed from suitors to prostitutes and the prevention of sexually transmitted diseases. They offer specific mechanisms to protect sex workers, namely so called ‘panic-buttons’, whose hitting will sound an alarm and summon help. (cf. Brents and Hausbeck, 2005: p. 293ff) After having established that legal brothels seem to be a very safe and nonviolent location to pursue the business of prostitution, it has to be asserted that the operating of institution of this kind is utterly impossible in regimes that prohibit the supplying or purchase of sexual services. In those cases prostitutes usually resort to ‘walking the streets’, as has already been outlined in the chapter about the ‘Nordic model’, incurring all the negative consequences this brings along for their security and health.

So the evidence clearly shows that the offering of sexual services is safest where this very activity, and the purchase of it, is legalized. Not only will procuring, with all the negative consequences it entails, be most common in countries that criminalize sex work, also the circumstances under which prostitutes have to work are considerably worse under regimes of that kind. Furthermore, if the supplying of sexual services is legalized authorities are in a much better position to overlook the market and could potentially also be in a better position to take action against human trafficking. Also, if governments or private individuals felt supportive and wanted to offer free medical checks or other kinds of assistance to sex workers, those transactions could be facilitated much better under conditions of legalization.

However, the question of how to regulate sex work, once it is legalized, remains still to be answered. In that regard one can distinguish between three types of legalization-regimes. The so

called 'tolerance'- model is usually applied in large cities where police are overstrained by other duties and don't have capacities to investigate on sex-work, despite it being illegal. An example of this regime can be found in the policy of Thailand. (cf. Moffat, 2005: p. 222) The occupation in question then is completely unregulated and prostitutes do not have access to the legal system, which provokes procuration and usually necessitates bribery of police officers on part of prostitutes, since they are still vulnerable to judicial prosecution. (Wagenaar et al, 2013: p. 15) The 'regulation'- model is usually implemented in order to gain more oversight and control over an activity that is nevertheless still deemed socially undesirable. The aim is to limit the negative consequences of an activity that one would like to, but cannot, get rid of. Advantages of this policy can be seen in providers being required to maintain certain health-standards, authorities being better equipped to detect illegal trafficking and crimes against customers being reduced greatly since the identification of felonious providers should be fairly easy. (cf. Moffat, 2005: p. 222f) Examples of regulation-regimes can be found in Austria and the Netherlands. (cf. Wagenaar et al, 2013: p. 15) I am convinced that it is proper to summarize the two so far presented legalization-schemes as unsatisfactory. Both proposals are soaked with implicit moral underpinnings and legislators and police are not likely to view sex workers on par with themselves, resulting in forbidding and arbitrary behavior towards them.

The remaining mode of legalization is the 'decriminalization'- model, which leaves prostitution legalized, abolishes all laws that are specifically aimed at this activity and hands the activity over to be regulated by criminal, corporate and administrative law. There are of course considerable similarities to regulation-regimes, but decriminalization-policy usually differs in the sense that prostitutes are considered equal partners whose opinions are considered in the implementation of policies, with sex-worker organizations usually having considerable influence on the legislative process. Examples of this system can be found in New Zealand and the Australian province of New South Wales. (cf. Wagenaar et al, 2013: p. 15f) One potential extension of the decriminalization-model, which entails a few constraints on the exercise of sex-work but also implicates some benefits, is the establishment of a minimum physical distance between red-light districts and very densely populated residential areas. This proposal for a zoning-plan is illiberal in some way and it is also partially inconsistent with the demand that prostitutes should be viewed as adequate members of society, whose profession is not deemed as something contemptible. It has to be

realized however that a certain amount of animosity respective to sex work still exists in most, if not all, societies at the moment. This fact should be reason enough to allow for some mechanism of that kind. However, this approach will only be effective if sex-worker organizations are allowed to actively take part in the negotiations and their interests are not just passed over. Recent events in my hometown Vienna seem to suggest that this process is not always successful, many examples from other European cities, most notably in the Netherlands, show that bargaining between sex-workers and the general population can nevertheless work very well. (cf. Moffat 2005, p. 223)

Establishing a minimum physical distance between red-light districts and residential areas usually leads to the concentration of prostitution in a few particular locations, which entails some benefits. First of all, the police have good oversight over the scene and are in good position to monitor the proceedings of both clients and suppliers. This should contribute to safer experiences for everybody involved. Also, the geographical concentration of prostitution should lead to so called 'centralization'-benefits. Customers profit in the sense that they can choose between a greater variety of suppliers in a relatively small area, which greatly reduces transaction costs. Prostitutes active in hustling also benefit from the relative closeness of other colleagues, which is associated with much greater security and faster problem solving and potential help in problematic situations. (cf. Moffat, 2005: p. 223)

I have outlined in this chapter that the decriminalization or complete legalization of sex work is the best policy-choice regarding this matter. Conventional regulation-regimes hold serious weaknesses and usually do not treat sex-workers as emancipated members of society, while *"it is safe to say that the ambition of decriminalization is to provide the prostitution business with a recognized place in society so that sex workers can work safely and without coercion and public order is respected."* (Wagenaar et al, 2013: p. 16) Slight alterations to this model could be conducted via bargaining between sex workers and neighborhoods concerning some zoning-measures.

## Conclusion

After having gotten so far I expect to have convinced the reader that the legalization of both supply and purchase of sexual services should not be subject to criminal punishment. I hope to evoke the same astonishment about the current situation in Europe that the great comedian George Carlin expressed regarding the status of prostitution in his country, the United States of America: *“Sex is legal. Selling is legal. Why is selling sex illegal?”*

I would not dare to postulate that the legalization-scheme proposed here is likely to repeal all problems associated with prostitution. It is to be expected that, no matter the circumstances of the legalization-process, an illegal sector will always continue to exist. But perfection is neither found in economics nor in life. Like the German writer Rainer Maria Remarque used to say: *“Life did not intend to make us perfect. Whoever is perfect belongs in a museum.”* But I am convinced that sound socioeconomic analysis can help to better understand incentive-structures of acting people and hereby alter our understanding of the world. If understood properly and acted upon by implementing sound policies, knowledge of economics and social science can make a difference and improve the human lot. Scientific analysis seems to be of particular importance with regard to the question of the legalization of prostitution, since debates seem to be waged on a very emotional level in this field. One can explain this by referring to the inherently emotional context of the debate since it involves a huge amount of moral judgments, but perhaps also to the insufficient information of large parts of the public. Maybe this paper can be seen as a modest contribution to correct this grievance.

I have shown that the outlawing of the purchase of sexual services does not significantly reduce the amount of those services offered and makes life much harder and more dangerous for both parties to the trade, but especially so for the supplying women. People who speak up for the abolition of prostitution in the name of helping the women involved in this industry are encouraged to revise their positions. The second argument against legal prostitution that was briefly dealt with in this paper was the accusation that it would disturb public life if its execution was too visible. The ‘zoning-model’ proposed in the previous chapter offers a practicable solution to this problem. Holding a minimal distance between dwelling zones and red-light districts should take the wind out of the critics’ sails. There will of course always be people who will oppose

prostitution on moral or religious grounds and might try to get rid of this occupation which they see as a nuisance. Here it might actually be best to follow Block's advice (Block, 1976, p. 24) and just view the critics as noninvolved parties which can be ignored for the most part. However, these people might be advised some reading of the great Austrian economist Friedrich Hayek, who expressed the matter perfectly: *"The recognition that each person has his own scale of values which we ought to respect, even if we do not approve of it, is part of the conception of the value of the individual personality. How we value another person will necessarily depend on what his values are. But believing in freedom means that we do not regard ourselves as the ultimate judges of another person's values, that we do not feel entitled to prevent him from pursuing ends which we disapprove so long as he does not infringe the equally protected sphere of others."* (Hayek, 1960: p. 79)

## Bibliography

Barnett, L., Casavant, L. and Nicol, J. (2011) 'Prostitution: A Review of Legislation in Selected Countries', Library of Parliament- Publication No. 2011-115-E, Ottawa, 2011

Block, W. (1976) 'Defending the Undefendable', Ludwig von Mises Institute, Auburn, 2008

Bjørndahl, U. (2012) 'Dangerous Liaisons: A report on the violence women in prostitution in Oslo are exposed to', report written on commission by the municipality of Oslo with support by the Norwegian Ministry of Justice and Public Safety – Online-version available at <http://maggiemcneill.files.wordpress.com/2012/12/dangerous-liaisons.pdf> (March 26<sup>th</sup> 2014)

Brents, B. G. and Hausbeck, K. (2005) 'Violence and Legalized Brothel Prostitution in Nevada: Examining Safety, Risk and Prostitution Policy', Journal of Interpersonal Violence, Vol. 20, p. 270 – 295, March 2005

Cameron, S. (2002) 'The Economics of Sin: Rational Choice or No Choice At all?', Edward Elgar Publishing Limited, Cheltenham, 2002

Cho, S., Dreher, A. and Neumayer, E. (2013) 'Does Legalized Prostitution Increase Human Trafficking', World Development 41 (1), 2013

Dahrendorf, R. (1989) 'Liberalism'  
in John Eatwell/Murray Milgate/Peter Newman (ed.) (1989) 'The Invisible Hand', The New PalgraveMacmillan, London, 1989,

Della Giusta, M., Di Tommaso, M. L. And Strøm, S. (2008) 'Sex Markets', Routledge, Abingdon, 2008

Edlund, L. and Korn, E. (2002) 'A theory of prostitution', Journal of Political Economy, 110, 181-214

Hayek, F. A. (1960) 'The constitution of liberty', Routledge, London, 1960

Holmström, C. and Skilbrei M. (2009) 'Prostitution in the Nordic Countries', Nordic Council of Ministers, 2009 – only available in pdf at <http://www.norden.org/en/publications/publikationer/2009-756> (March 24<sup>th</sup> 2014)

International Business Times, UK-Edition (2014) 'Europe Votes on Penalising Prostitute Clients in Nordic Model', accessed at <http://www.ibtimes.co.uk/european-parliament-vote-nordic-model-prostitution-that-fines-clients-1433466> (26<sup>th</sup> 2014)

Levy, J. (2013) 'Swedish Abolitionism as Violence Against Women' – Online-version available at [http://www.sexworkeropenuniversity.com/uploads/3/6/9/3/3693334/swou\\_ec\\_swedish\\_abolitionism.pdf](http://www.sexworkeropenuniversity.com/uploads/3/6/9/3/3693334/swou_ec_swedish_abolitionism.pdf) (March 24<sup>th</sup> 2014)

MacCoun, R. J. and Reuter, P. (2001) 'Drug War Heresies: Learning from Other Vices, Times and Places', Cambridge University Press, 2001

Miron, J. A. (2005) 'Economics of drug prohibition'  
in Bowmaker, S. M. (2005) 'Economics uncut: A Complete Guide to Life, Death and Misadventure', Edward Elgar Publishing Limited, Cheltenham, 2005

Moffat, P. (2005) 'Economics of Prostitution'  
in Bowmaker, S. M. (2005) 'Economics uncut: A Complete Guide to Life, Death and Misadventure', Edward Elgar Publishing Limited, Cheltenham, 2005

Monzini, P. (2005) 'Sex Traffic: Prostitution, Crime and Exploitation', Zed Books Ltd, London, 2005

Sedgh G., Henshaw S. K., Shah I. H. and Ahman E. (2012) 'Induced abortion: incidence and trends worldwide from 1995 to 2008', The Lancet, 2012 – Online-version available from the Guttmacher Institute at <http://www.guttmacher.org/pubs/journals/Sedgh-Lancet-2012-01.pdf> (March 24<sup>th</sup> 2014)

The Atlantic Cities (2013) 'Across Europe, a Growing Sense That Legalized Prostitution Isn't Working', Dec 05<sup>th</sup> 2013, accessed at <http://www.theatlanticcities.com/technology/2013/12/across-europe-growing-sense-legalized-prostitution-isnt-working/7777/> (March 26<sup>th</sup> 2014)

Wagenaar, H., Altink, S. and Amesberger, H. (2013) 'Final Report of the International Comparative Study of Prostitution Policy: Austria and the Netherlands', Platform31, Den Haag, 2013

Wagner, S. (2013) 'Prostitution is Exploitation'

in 'Perverse Incentives: Sex work and the Law', Cato Unbound – Online Journal of Debate,

December 2013 – Online-version available at <http://www.cato-unbound.org/2013/12/09/steven-wagner/prostitution-exploitation> (March 24<sup>th</sup> 2014)

Online-Sources:

Online-Source 1: <http://www.iusw.org/iusw-who-we-are/> (March 24<sup>th</sup> 2014)

Website of the International Union of Sex Workers

Online-Source 2: <http://www.europarl.europa.eu/news/en/news-room/content/20140221IPR36644/html/Punish-the-client-not-the-prostitute> (March 24<sup>th</sup> 2014)

Press release of the European Parliament regarding the 'Nordic model' of prostitution

Austrian Economics Center  
Jasomirgottstraße 3/11  
A – 1010 Vienna / Austria

Tel: +43 1 505 13 49 32

[office@autriancenter.com](mailto:office@autriancenter.com)  
[www.austriancenter.com](http://www.austriancenter.com)