1. Introduction: sex work as a “problem” in development

Sex work has principally been of interest to the development community in the context of public health and trafficking. In the case of the former, the volume of research on sex work in the published public health literature took a steep upward trajectory in the years following the emergence of AIDS as a major public health threat. Indeed, references to sex work (or prostitution) in the public health literature before 1982 are few and far between. Several thousand articles dealing with sex work, STIs and HIV have been published since then. To begin with at least, the interest in sex work was motivated by a perception of sex workers as possible “vectors” of HIV transmission to general populations.

The current trafficking discourse appears to have emerged simultaneously and in parallel. Increased socio-economic inequality and mobility across borders, associated with globalisation and the end of the cold war, are seen as the root causes of a perceived worldwide increase in “sex trafficking”. Because the real extent of trafficking is impossible to gauge, and because this discourse implies that doing sex work is non-rational and therefore coerced, the anti-trafficking movement has tended to conflate prostitution and trafficking.

In the context of these two dominant discourses, a lot of emphasis is placed on the extent of sex work (often described as increasing), and on the roles of poverty and exploitation as the main drivers of sex work. Poverty reduction measures are often adopted as a strategy in HIV prevention programmes targeting sex workers, whereas in the context of anti-trafficking, poverty reduction measures are commonly combined with active suppression of sex work, often taking the form of “rescue” missions.

This document contains an initial annotated bibliography of documents in which economic techniques have been applied in efforts to explain prostitution and in the development of policies.

2. Sex work and economics

Sex work – whether it is called sex work or prostitution – is an income generating activity. As such, economic incentives are bound to play a role in attracting people to sex work. It is therefore natural that economic analysis should provide a useful tool for examining sex work and natural that various types of economic incentive are identified as a key determinant. However, sex work is not widely considered to be a “good” career. At best it is seen as an unappealing choice, and at worst it is seen as no choice at all, but rather an activity imposed by coercion. Accordingly the prevailing attitude is that there are no good reasons for entering sex work: doing sex work tends to be seen as sign either of moral degradation or of economic desperation. Hence studies of sex work are often more interested in
explaining why people enter the profession than studies of other professions or industries. An initial scan of the available literature reveals that such prejudices are common in studies on sex work.

There is a strong bias towards supply-based analyses of sex work, which tend to focus on how economic conditions push or force people into sex work. Analyses of demand are far less common, which is striking given how responsive sex work supply seems to be to demand fluctuations over the course of a month or a year in many countries. Many of the demand analyses that do exist in relation to developing countries focus on foreign tourists as clients, seemingly suggesting that demand from foreign tourists is the major factor in demand in the sex industry – and seemingly ignoring the “bigger picture”.

What is clear from the initial review is that examinations of the links between economic conditions – in particular poverty, inequality, development and growth – face fundamental problems: those of knowing the true extent of sex work, of reliably knowing how the scale of the sex industry has changed given changes in economic conditions. While there are reliable accounts of how sex industries have evolved, changed in character, and relocated over time, there is little or no empirical data on trends in the numbers of sex workers, let alone comparable data on what has happened to sex industries where economic conditions have evolved differently. Defining, identifying and enumerating sex workers is notoriously difficult to do. Nonetheless, the notion that sex work is expanding is a common theme in studies of the sex industry.

Although many accounts (incl. many not included in the list below) emphasise the link between poverty and sex work, the review also revealed that there are many more complex analyses, that show that economic growth may not necessarily lead to a reduction in prostitution (even if such a reduction could be objectively measured). Plausible arguments are put forward as to how poverty, inequality, but also wealth and the growth of aspiration, might contribute either to an increase or a decrease in sex work.

The economic contributions of the sex industry to development are a theme in many documents, although on the whole studies on sex work as a livelihood are few and far between (when compared to the livelihoods literature in general). There are also some estimates of the overall value of the sex industry to countries – in many cases these estimates are substantial, dwarfing by many factors the value of economic empowerment and income generation projects targeted at sex workers, and perhaps even dwarfing national AIDS budgets. These figures put into perspective the likely impact of using AIDS funding to provide economic programmes that will get sex workers out of sex work.

A significant gap for most primary research on sex workers seems to be the lack of comparisons with control groups of sex works and with groups of non-sex workers. Efforts to measure the outcomes of economic programmes in general, and in particular when those outcomes relate to “reducing numbers of sex workers” ought to pay more attention to the overall context within which the change (or lack of change) after a given programme has been carried out. Even in descriptive studies, comparisons with non-sex workers can be particularly telling as they can help show if, how and why vulnerability is different among sex workers.
3. Annotated bibliography – sex work and economics

This is an initial set of documents and notes. I have only included those that I was able to read. I have divided them into the following themes:

- “Explanations” of sex work as a market and links between sex work and poverty, inequality and growth; entry into sex work
- Contributions of sex industry to development and economics
- Economics within the sex industry
- “Economic empowerment” / “Income generation” for sex workers
- Miscellaneous

For each document I have provided some brief notes on the content in some cases explaining the inclusion of documents that may not appear directly relevant. For each I have also noted the type of document: theoretical, analytical, debate, primary research, secondary research, review.

“Explanations” of sex work as a market and links between sex work and poverty, inequality and growth; entry into sex work


Debate. Describes economic factors and “rapid economic changes” in ESCAP region countries as key causes of a growth in prostitution; however evidence of the growth is not presented.


Theoretical. Discussion of routes into prostitution and theories about prostitution’s role in society: “Prostitution as work must be understood alongside the feminisation of poverty within the context of the re-structuring of national economies, unemployment and the growth of a new and poorer underclass”


Debate/theory. Section on determinants of prostitution focuses on feminisation of poverty.


Debate. Points to racial differentiation in discussions of prostitution, with less agency likely to be attributed to 3rd world women prostitutes – understanding this is relevant to understanding the priorities in economic analyses of sex workers in developing countries.
Primary research. Provides a description of monthly/yearly seasonality in a local African sex trade. Interesting to ask what such clear seasonality means for the theory that poverty causes prostitution. Is it seasonal poverty that causes surges in supply... or other seasonal factors causing upsurges in demand?

Theoretical/analytical. Formal economic analysis of supply and demand and economics of safe sex, citing data from different sources. Questions the notion that poverty alone causes sex work, e.g. citing the opportunities sex work provides for (desirable) capital accumulation in environments of rapid economic growth: "With poverty alleviation comes increasing returns to investment and, therefore, increasing pressure for the investment funds that commercial sex work can provide." ... "The entry of the daughter into commercial sex work is much less a reflection of her individual choice and much more one of some sort of collective decision by the family. In many instances, the contract is one of indentured servitude, often under terms of repayment that are impossible for the woman to satisfy." "The supply side issues associated with commercial sex are much like the choices modeled by the ‘new’ migration theory which emphasises collective rather than individual decisions...

Analysis of Thai sex industry. Generally focuses on the part of the industry catering to western clients. Incriminates the promotion of western tourism in particular and unequal economic growth. Appears to be quite “west-centric” in its theory. The authors conclude that poverty reduction in the poorer north-east of Thailand will cut off the supply of sex workers to Bangkok.

Secondary/primary research (country monographs and overall analysis). Probably the most comprehensive economic analysis of the sex industry, focused on SE Asian countries. Shows ways in which not just poverty but also growth and inequality may be linked to sex work. Based on an assumption that sex work is expanding in these countries but does not provide data in the country specific studies to substantiate this.

Primary research. Study of DMSC (Calcutta), exploring the nature of collective action. Interesting here in that it questions whether an economics approach to analysing the collective of DMSC - which would bring the analysis down to a calculation of potential individual gain on the part of each member - is sufficient.
Gangoli, G. (2001). Prostitution as Livelihood: ‘Work’ or ‘Crime’? Livelihoods and Poverty Reduction: Lessons From Eastern India. Primary research. Study on Sonagachi. Begins by discussing reasons for entry into sex work based on survey results. Attributes some entry to sex work to shocks - such as cyclone in 1999 - but questions simple “poverty” based analysis, also exploring issues of stigma and social status.

Edlund, L. and E. Korn (2002). "A Theory of Prostitution." Journal of Political Economy 110(1): 34. Theoretical economic explanation of sex work. Authors abstract: “Prostitution is low-skill, labor intensive, female, and well paid. This paper proposes a marriage market explanation to this puzzle. If a prostitute compromises her marriage market prospects, she will have to be compensated for forgone marriage market opportunities. We discuss the link between poverty and prostitution and show that prostitution may decrease with male income if wives and prostitutes are drawn from the same pool of women. We point to the role of male sex ratios, and males in transit, in sustaining high levels of prostitution, and we discuss possible reasons for its low reputation and implications for marriage patterns.”

Gysels, M., R. Pool, et al. (2002). "Women who sell sex in a Ugandan trading town: life histories, survival strategies and risk." Social Science & Medicine 54(2): 14. Primary research. Describes a Ugandan town where prostitution forms a part of a typical informal economy. Suggests a stratification of sex workers with different income and social status. Poverty is “not the only cause of sex work” in this town however income generating activities are proposed to get women out of sex work. A major flaw in this study (and many others like it) is that it fails to compare key variables between the sex work study sample and “other” non sex working women.

Della Giusta, M., M. Di Tommaso, et al. (2004). Another Theory of Prostitution. Economics & Management Discussion Papers School of Business, Reading University. Theoretical. Argue that because of the pervasiveness of stigma, reputation is a key factor in agents preferences related to prostitution. Stigma as potential loss of reputation for SW and for clients. Also determined by income differentials (and how much there is to lose). Discusses policy implications. Author abstract: “This paper presents a model of prostitution as an economic activity characterised by stigma, whose supply is based on the availability of other earning opportunities. On the basis of available empirical evidence and findings from other studies, we put forward a rigorous economic analysis of the industry and its different markets making no restrictive assumptions regarding the gender, pay and nature of forgone earning opportunities of the prostitute, and applying the same behavioural hypotheses to prostitutes and clients.” See also Della Giusta, M., M. Di Tommaso, et al. (2005). Who’s watching? The market for prostitution services. Working Papers, Centre for Household, Income, Labour and Demographic Economics. (Forthcoming in the Journal of Population Economics).

Lee, S. (2004). Assessing the vulnerability of women street traders to HIV / AIDS: a comparative analysis of Uganda and South Africa., University of KwaZulu-Natal, Health Economics and HIV / AIDS Research Division [HEARD]: 56. Secondary research, not solely focused on sex work. Interesting because of the analysis of informal economies, attempts to situate sex work within a gendered analysis of informal economies. Some surprising statements such as “not all sex work and relationships are as a result of economic necessity.
They can also be a strategy for obtaining social and financial independence, or to obtain expensive goods and lifestyles (Leclerc-Mamdala, 2002). Nonetheless, economic dependence reduces women’s ability to dictate the terms of sexual relationships such that they may cross over the thin dividing line between transactional and commercial sex (Jewkes et al, 2003). *Implying that sex workers have less control than those involved in transactional sex.* “The informal economy was originally defined by Keith Hart (and quickly adopted by the International Labour Organisation (ILO)) in 1972 as a sector which is characterised by low barriers to entry; small-scale, family owned enterprises; the use of labour intensive technology; and reliance on indigenous resources (ILO, 1972).”

*Primary research in Tallinn, Estonia. Describes changes in the character of a sex industry – but does not provide evidence for the “change in volume”. Societal collapse, poverty, war, and globalisation have all been associated with changes in the volume and societal patterning of sex work."

*Primary research, interesting discussion of (public health) policy options available and incentives that each policy option is likely to create when sex industry is considered as a market. See also Arunchalam, R. and M. Shah (2008). "Prostitutes and Brides?" American Economic Review Papers & Proceedings (Forthcoming).*

*Review. Discusses impact of globalisation on increasing the sex industry and on safety."

*Primary research on cohort in London. Disputes the notion that sex work cannot be a rational choice. “In this study, sex work was a choice for the majority who were followed up, and for many a route out of poverty rather than a vicious circle of social exclusion.”

*Review. Provides some references to ways in which shocks might affect supply and demand of prostitution.*

*Secondary, based on US data. Economics of legalization and how it can still be damaging; explanation of why this is the case. Also includes analysis of the economics of mediation and protection in the US sex industry.*
**Contributions of sex industry to development and economics**

*Theoretical/deductive*. Examines the “industrial basis of production of sexual services” and the unrecognised contribution of sex work to development, accumulation.

*Primary research*. Describes female sex work as a major source of income in Jakarta and examines the economic contributions e.g. in terms of supporting households.

*Primary research*. Interestingly in this study population sex work is not a profession where earnings are comparatively high: “...prostitutes were trapped in a low-return equilibrium situation. In Masvingo prostitution as a survival strategy, like most low-status and low-paying jobs, did not offer an opportunity to accumulate capital for investment purposes.” Also discusses hierarchies and structures within the industry.

*Theoretical/analytical*. Formal economic analysis of supply and demand and economics of safe sex, citing data from different sources. Includes some data on earnings and remittances.

*Secondary/primary research (country monographs and overall analysis)*. Probably the most comprehensive economic analysis of the sex industry, focused on SE Asian countries. The estimates that the authors provide of the value of the sex industry (e.g. over US$25bn per year in Thailand) are an eye-opener because even if a small fraction (e.g. 1%, $250m) of this value represented sex worker earnings, this shows the sort of value that effective income generation projects (funded by AIDS budgets) would have to provide to successfully eradicate sex work.

*Primary research*. Study of DMSC (Calcutta), exploring the nature of collective action, including economic dynamic.


7
Primary research. Study on Sonagachi. Some info on remittances and financial arrangements within the industry.


Primary research. Describes a Ugandan town where prostitution forms a part of a typical informal economy. Suggests a stratification of sex workers with different income and social status. Shows that some sex workers accumulate capital and develop businesses.


Primary. Very poor quality paper. One of the findings is very telling: one subject states "Sincerely, since the time I joined this business, I have never begged for money again, I can feed myself and send money to my parents." However the author does not interpret this as an economic advantage or a factor that enhances economic resilience.

Agustin, L. (2006). "Contributing to "development": money made selling sex." Research for Sex Work 9. Review. Discussion of informal economies and sex work, providing information on the value of the sex industry and remittances. "The sex industry, which takes in both licensed and unlicensed businesses and many operating under non-sex licences (like bars), generates billions of dollars worldwide and uses sophisticated, high-technology equipment and business methods."..."Given the enormous difference between wages for selling sex and most other jobs, it’s obvious that a large proportion of remittances must come from sex work."


Debate/review. Argues for more economic analysis of sex work. "Recognizing the economic base of prostitution means that the relationship between the growth of the sex sector and economic development of the country under study cannot be ignored."

Economics within the sex industry


Primary research. Includes an analysis of practice and costs of the “brokering” system in operation in Madras.


Robinson, J. and E. Yeh (2007). Sex Work as a Response to Risk in Western Kenya. AERC–CORNELL CONFERENCE on Bottom-Up Interventions and Economic Growth in Sub-Saharan Africa. Nairobi, Kenya. Primary research in Western Kenya. Examines how sex work can be a response to risk/the threat of income shocks, as well as the vulnerability of sex workers when such shocks arise. Examines in detail questions of compensation for riskier sex. Some of the conclusions appear to be a bit flawed, such as the suggestion that it is mainly the threat of HIV that contributes to higher earnings for sex workers (as compensation). Looks at some rarely examined areas such as the value of material gifts (as opposed to just money).
“Economic empowerment” / “Income generation” for sex workers

Secondary research. Describes a project in Thailand aimed at reducing entry into sex work, through education (e.g. on the “risk of sex work”), small loans. "Follow-up surveys in the SIAM project identified a decline in the numbers of girls leaving school (from 80 per cent to two per cent) who choose to enter the CSI [commercial sex industry]”. Because no primary data or information on methodology is provided it is hard to identify whether there were biases, especially reporting bias given that the project may have contributed to stigmatising sex work. We also do not get much information on length of follow up. This study was missing from Greenall (2007) review.

Theoretical/analytical. Formal economic analysis of supply and demand and economics of safe sex, citing data from different sources. Finds that poverty alleviation projects do not always reduce sex work: "Indeed, the evidence that commercial sex worker remittances are used to buy physical capital for farming in Thailand (Archavantikul and Guest 1994) or for expenditures by commercial sex workers on housing in their home village (Jones, Sulistyaningsih, and Hull 1994) is convincing on this score. Therefore, poverty alleviation in the sending region may not slow the rate of sending. With poverty alleviation comes increasing returns to investment and, therefore, increasing pressure for the investment funds that commercial sex work can provide."

Primary research, describes a microfinance project in Kenya. Although the authors are encouraged by the results in terms of getting women out of sex work I do not think the figures are convincing. In addition rates of payment arrears (= financial pressure) were high. Reports some improvements in self reported health status. Fails to make any comparison with sex workers who did not join the scheme. Methodologically and analytically poor.

Literature review. See especially exhaustive bibliography of economic programmes for sex workers.

Primary research in Western Kenya. Examines how sex work can be a response to risk/the threat of income shocks, as well as the vulnerability of sex workers when such shocks arise. Examines in detail questions of compensation for riskier sex. Some of the conclusions appear to be a bit flawed, such as the
suggestion that it is mainly the threat of HIV that contributes to higher earnings for sex workers (as compensation). Uses findings as an argument for economic programmes for sex workers, not just aimed at reducing sex work but as a way of increasing financial security of sex workers to cope with shocks.

Miscellaneous

Theoretical. Formal discussion of assets and vulnerability, good background to why a poverty-based analysis of sex work may be limited. But does not deal with sex work specifically.

Analytical. Remarkable for the fact that sex trade is not mentioned anywhere.

Debate. Proposed directions for research on sex work. Argues for a broader approach not limited to prostitution (stereotypes) but to the sex industry more generally. Points to some of the biases in economic research on sex work: "Recent work has demonstrated how people who sell sex are excluded from studies of migration, of service work and of informal economies, and are instead examined only in terms of ‘prostitution’, a concept that focuses on transactions between individuals, especially their personal motivations (Sanchez, 2003; Agustín, 2004b, 2005)."

Review. Discusses "Sex where exchange plays a significant role". Three categories of sex exchange: sex work, transactional sex and survival sex. Explains that the boundaries between the three are not always clear.

Review of estimates of sex work numbers outlining the extreme difficulty of obtaining accurate estimates.

Debate. Explains why economic perspectives are rare and makes a case for econ analysis of sex work by comparing to successful applications in other informal fields. "such models are an important step forward in that they consider prostitutes as rational agents responding to incentives."

DMSC (2007). A survey of the various types of social, physical and occupational oppressions heaped upon our sex workers before and after their entry into sex work. Kolkata, DMSC: 24.
Primary research from DMSC. Not focused on economics but interesting in that it is one of the very few papers to compare non-sex workers with sex workers. Most examinations of sex workers do not make any comparison to the “general population.