

THE AMSTERDAM SEX EXCHANGE A PROPOSAL

DAVID ZETLAND

1. INTRODUCTION AND MOTIVATION

Prostitution became legal (instead of just tolerated) in the Netherlands in 1999. Since then, however, results have been spotty.¹ The goal of legalization for the government was regulation and tax revenue. Sex Workers (SW) wanted better working conditions, clearer rights (as independent contractors), and the benefits that would come from belonging to formal sector.² Taxes and regulation arrived, but benefits lag behind. Other businesses (banks, accountants, etc.) are not used to having SW as clients—SW still suffer from the stigma of their “immoral trade” and underworld reputation. In addition, SW worry that service fees are not rising as fast as costs under legality.³

This proposal for a “sex exchange” is meant to address a few of these issues. (Note that “exchange” is really not the right word, since it will really be a central location for prices of recent sexual service

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¹My statements on prostitution in the Netherlands are gathered from conversations with the staff at the Prostitute Information Centre (PIC) in Amsterdam on Dec 30, 2004 and Jan 3, 2005.

²I am not sure if Prostitute or Sex Worker is the better word. Is there agreement?

³The basic “suck and fuck” is now about €35; for years it was at 50 fl. After legalization and the euro adoption, sex-workers “tried” to raise the base rate to €50 from 50 fl. (about 100%), but this rise did not hold. One explanation is that competition has kept the price down; another is that coordination is difficult. This question is further discussed in Section 2.3.

transactions—just like the ticker-tape of a stock exchange which reports recent trades). The exchange will aid:

Legitimacy: By posting prices and listing volumes, the sex business will more closely resemble other businesses.

Coordination: With posted prices, SW will have a coordination method to help them raise prices (Those who are charging less than the average rate can raise their price, thereby raising the average, and so on (Kurzban and Houser, 2005).) This dynamic depends fundamentally on the idea that sexual services are not very good substitutes (clients are not equally interested in all SW at the same price). Competition which lowered prices would be less likely.

Community: Belonging to an exchange creates a focal point for people to interact and create community. The Exchange can be expanded to include other information sources and sharing for SW.

2. BENEFITS

If the Exchange were started, there would be benefits for several groups.

2.1. Sex Workers. SW would be able to charge more money and have greater respect. The costs of operating the Exchange to SW would be quite low—the major “price” would be the time that SW took to record their daily transactions.

The political gains for SW would be significant—they would have a public face that showed not just that people are paying for sex, but the number of clients who must think their services are a good idea.

No longer could someone deny that there are only dirty old men and tourists seeking SW services.

In addition, the financial community may see the Exchange as a good way to help “a community in need.” It could advise one set up an offer other support like financial advice on budgeting, savings, investments, etc. These basic financial services would be good for public relations.⁴

More benefits?

2.2. Politics. Politicians love numbers and the Exchange would provide them. The government branches charged with the transition to legitimacy are probably just as confused about SW as SW are about bureaucracy. The Exchange would provide a useful common ground that could bridge the gap.

Prostitution policies in other countries are evolving (generally) towards a more liberal attitude.⁵ These countries would benefit from the existence of the Exchange and increased cooperation would benefit the Netherlands.

2.3. Economics. Economists would benefit from having better data on SW. My research concerns black, regulated and other distorted markets. The Exchange would provide very useful information that I would

⁴EuroNext has offices in Amsterdam and increasingly less work to do since the merger with the Paris exchange, etc.

⁵PIC told me that the legalization in New Zealand has surpassed NL in progress. Other countries with legal prostitution are “Canada, most all of Europe including England, France, Wales, Denmark, etc., most of South America including most of Mexico (often in special zones), Israel (Tel Aviv known as the brothel capital of the world), Australia, and many other countries. It is either legal or very tolerated in most all of Asia and even Iran has “temporary wives” which can be for only a few hours!” from <http://www.sexwork.com/coalition/whatcountrieslegal.html>. “State law forbids legal prostitution in counties which have a population over a certain number (hence the big cities are out); the remaining counties may have legal brothels, at local option.” from <http://www.sexuality.org/l/workers/nevada.html>.

like to use for academic (and publicly available) research. One immediate question I have is the impact of posting prices for some locations compared to others. (Do others respond?)

Basic economic theory predicts that more information leads to lower prices because competitors can see what price will give them more business. This theory does not apply very well to SW because entry is slow, SW cannot easily increase production to meet the demand from lower prices, advertising lower prices is difficult, and clients have heterogeneous demand (i.e., no two sex workers are alike). Studies have found sellers' *tacit collusion* increases prices of *homogenous* products, even when sellers next to each other and additional customers are easily accommodated (Borenstein and Shepard, 1996). These results indicate that prices are more likely to rise than fall with more price information. Although I could probably prove that prices will rise using economic theory, only direct experience will matter.

3. DETAILS

This starting framework can be improved.

- (1) The Exchange will exist on the internet (www.asexex.org?) and available only to those with a login and password. Initial programming, maintenance, hardware, and distribution of materials will probably cost ca. €20,000. Non-profit status (Stichting) would be correct.
- (2) SW would either login or hand in their statistics for the day (or week). It seems best to make these entries anonymous (not confidential, but completely untraceable). There are some benefits from tracing who does what, where, but the privacy issue might be sensitive (We could offer a NOT-anonymous option.)

These data would be posted regularly by district (within Amsterdam) or city for window workers and perhaps by city for other SW. Initial data from NL could be augmented with data from other countries. The logins could be distributed through PIC or De Rode Draad to known SW. This will reduce invasion by impostors, hackers, et al.

- (3) The site would be available ONLY to SW. One option that seems obvious is to make some information available for public relations. More detailed information could be available to members on 1 day (€10) or 1 year (€500) memberships that the curious tourist or fascinated trader could purchase. This money can go to operating costs or other SW-related activity.

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UNIVERSITY OF CALIFORNIA, DAVIS
E-mail address: david@primal.ucdavis.edu