

INFORMATION AND TRUST IN THE MARKET FOR GAY MALE SEX WORK

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Male prostitutes are a sizable portion of the sex worker labor force in the United States (Freidman 2003). Unlike their female counterparts, male sex workers work independently—there is nearly no pimping nor male brothels in the male sex trade (Itiel 1998).¹ The independent-operator feature of the market allows for greater mobility up and down the hierarchy of the male sex worker labor force. In the hierarchy of male prostitution offered by Luckenbill (1986), the male escort is the most esteemed: he does not work the streets, takes clients by appointment, and is usually better paid than his street counterpart. While the street prostitute is paid by the piece rate, the male escort is a contract employee with greater control over the terms of his work and the services he provides.

Male sex work in the United States has been quick to adapt to changes in technology. Where male escorts used to congregate in “escort bars” and place ads in gay-related newspapers, the male escort market now largely takes place online. Indeed, although female prostitution has recently begun to appear online in internet forums such as Craigslist (Murphy and Venkatesh 2006, Lambert 2007), male escorts have had access to large and profitable websites exclusively devoted to the male sex trade for well over ten years (Friedman 2003).² The standard operating procedure for the sites, and through them the online male escort market, is straightforward—escorts pay a monthly fee to post their ads, which include pictures, a physical description, their rate for services (quoted by the hour), as well as contact information

¹ This was not always the case historically. In the past, male hustling usually took the form of transvestite sex work, and male brothels were not uncommon (Chauncey 1994). Dorais (2005) shows that in other cultures male brothels have survived. Although the transsexual and transvestite sex market continues, the contemporary stereotype of hustling is a post war phenomena, and Friedman (2003) shows that spatially street male sex workers and transsexual sex workers do not work in the same locations in the post war US. Our own analysis revealed that more than 75% of the male escorts we found affiliated with the few existing male escort agencies also advertised independently (charging different rates and with different contact information than the agency).

² The best known sites for male escorts have each existed since 1998. Websites devoted exclusively to reviews of male escorts have existed at least as long.

such as a telephone number and/or e-mail address. All escorts pay the same fee to list their advertisements, and escorts have complete control over the type and amount of information conveyed in their advertisements. With the sites, clients contact escorts directly and arrange for appointments either at the home of the escort (an “incall”) or at the residence/hotel of the client (an “outcall”).

While the information environment in online male escort advertisements is quite rich by design, the formal institutional environment is non-existent. Misrepresentations cannot be penalized by any authority, unless the client is willing to reveal that he has solicited the services of a male sex worker. In fact, Itiel (1998) notes that male escorts and clients have less leeway to informally penalize misrepresentation than street sex workers. While street prostitutes can freely disengage from a client for whatever reason by simply walking away, the clandestine nature of an “incall” or “outcall” make it difficult for either party to escape penalty free if there has been misrepresentation. For example, once the escort has arrived at the hotel door of a client, it may be difficult to require him to leave without payment. Also, once the misrepresentation is revealed the client (and potentially the escort) is already exposed—the escort knows the client’s location, some form of contact information, and is open to blackmail and harassment depending on his circumstances. The very nature of the male sex market alters the usual interpretation of the risks involved in sex work— while escorts are seen as a “safer bet” than street prostitutes (Sadownick 1996, Itiel 1998, Friedman 2003, Dorias 2005), the overall structure in the market is one in which the client is most at risk.³ As a linguistic (perhaps semiotic) sign of the risk borne by the client, male prostitutes are called “hustlers,” a term also used for drug dealers and thieves.

Given the structure of the market, the lack of credible information, and the risks borne by the client, productive and honest male escorts have much to gain if they can signal their quality and receive a premium for doing so. The problem is that less productive (and potentially more dangerous) escorts can signal in the same way. While the information is verifiable ex post, there are no ex ante penalties for misrepresentation, and poor quality escorts stand to gain from misrepresenting themselves. Without

³ Dorias (2005) and others have noted that escorts are also at risk. Our point here is that while female prostitutes are thought to need protection from problematic clients (usually seen as the basis for pimping), clients of male hustlers are more likely to need protection.

institutional enforcement, and with the stakes particularly high (especially for men who are married or not generally assumed to partake in homosexual behavior), how do escorts and clients use the market to establish trust? Previous research, based on newspaper advertisements for male escorts, found that the price of male escort services did not vary with the information placed in advertisements (Cameron, et al. 1999). The open question is if the new and richer information environment offered by the internet allow escorts and clients to establish communication that would allow this market to develop.

Rather than use generic measures of information, we use our institutional knowledge to identify the specific types of information clients treat as signals of quality in escort advertisements. Using narrative evidence from interviews, qualitative studies, news reports, and online forums we show that clients and escorts pay keen attention to the quality of information in advertisements. In particular, clients look for face pictures in an escort's advertisement as a signal of quality, and we document the fact that both clients and escorts explicitly mention face pictures when in discussions of escort quality. Clients and escorts also mention, however, that escorts regularly deceive clients with fake pictures in their advertisements. Even more, we document a host of dangers that clients face when hiring male escorts, which would seem to suggest that escort advertisements should be heavily discounted. If face pictures are a true signal of quality in this market then they should be positively related to escort prices, holding escort characteristics, market effects, and reputation fixed. These dangers and rampant fraud would suggest that face pictures should be weakly related to prices, if at all.

To test our predictions we assemble a unique and rich dataset from the largest male escort website in the United States, which arguably contains the universe of male escorts who advertise online. We gather information on every male escort on the site, his demographics, hourly rate, and detailed information about his ad. We have information not only on the number of pictures in each ad, but also the quality of the pictures in terms of what parts of the escort the pictures show. These ads also contain two measures of reputation, survey responses (similar to feedback on ebay.com) and detailed text reviews.

We find that male escorts who use face pictures command higher rates—each face picture increases the rate charged by roughly 2%, even when controlling for reputation. Since the average escort

who shows his face has four such pictures, the net premium is roughly 8%. Spot rates (rates that are recorded by clients and refer to a particular transaction) independently confirm our central estimates, which are based on escorts' posted rates. Our main finding is robust to a number of considerations; it holds when looking at escorts with no reputation, when looking at spot rates only, and is unrelated to any "beauty premium" that may exist. Consistent with the predictions for signaling games, we also show that information quality matters in terms of reputation. Each text review an escort has, which are more detailed than the more-common survey reviews, comes with a premium of roughly 4%.

Our paper makes several contributions. First, we provide novel evidence that this informal, illegal market shares many of the characteristics of formal, legal markets. The price premium we estimate for the total number of pictures in the advertisements of gay male sex workers is similar to the premium for pictures estimated by Lewis (2007) for used automobiles on eBay.com. Our results suggest that rich information environments alone may be sufficient to overcome the problem of asymmetric information. This is surprising insofar as illegal markets are thought to exhibit differential pricing behavior due to their illegal nature (Levitt and Venkatesh 2000). Second, we provide some of the first empirical support for the existing sociological and historical accounts of the relationships between male escorts and clients. Even more, our work looks at the whole of the market—we have comprehensive information on over 1,800 male sex workers, allowing us to answer basic demographic questions about this seldom-studied population.

Third, our work expands the scope of the existing scholarship in the economics of sex work and sex work research in general both by considering the male side of the market and by considering sex work that is not street- or brothel-based (Browne and Minichiello 1996, Weitzer 2005, Arunachalam and Shah 2008). To our knowledge, this is the first empirical study of a large sample of systematically gathered data on male escorts who advertise online. Indeed, male sex workers are difficult to conceptualize in the current economic theories of prostitution (Edlund and Korn 2002), and remain under-researched in sociological and public health research, especially quantitative work. We also overcome a sizable number of the problems of sample selection in previous studies of male sex workers since we sample the universe

of men who advertise online using our site, which is the largest, most visited, most diverse, and most geographically comprehensive site for male escort work in the United States.

While the illegal nature of the transaction and the near-impossibility of guaranteed truthful disclosure seem to imply that the clients and escort relations should be tense, we find that male escorts and clients use signals to communicate quality. We also show how clients of male sex workers self-police the market, providing means for male sex workers to communicate their trustworthiness. Surprisingly, these social interactions allow the market to function. Male sex workers use signals to communicate their quality, and the prices in the market respond accordingly.

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