

# Rereading Nightlife Policy: From Social Regulation to the Reality of Prostitution

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## Abstract

*This study discusses the dynamics of nightlife tax policy in Makassar City, particularly in the Nusantara Street area, which is known as a center of nightlife activities and a location for covert prostitution. Using a descriptive qualitative approach, this study examines how Local Regulation No. 1 of 2024, which stipulates a 75% increase in nightlife tax, functions not only as a fiscal instrument to increase Local Own-Source Revenue (PAD), but also as a social regulatory instrument. The results of the study show that this policy has dual implications: on the one hand, it strengthens the political legitimacy of the city government in responding to the moral demands of the community, but on the other hand, it gives rise to unexpected consequences in the form of new negotiations between the government, nightlife entrepreneurs, and sex workers. High taxes actually encourage the capitalization of sex workers' bodies, widen the economic dependence of the surrounding community on the nightlife industry, and open up space for informal political compromise between entrepreneurs and officials. This study confirms that fiscal policy is never neutral, but is always linked to local social, political, and economic dynamics. The necessary follow-up is strengthening alternative policies based on a humanistic and inclusive approach, such as providing formal employment, economic empowerment programs for women, and more transparent and accountable supervision.*

**Keywords:** Nightlife tax, prostitution, fiscal policy, social regulation

## Abstrak

*Penelitian ini membahas dinamika kebijakan pajak hiburan malam di Kota Makassar, khususnya di kawasan Jalan Nusantara yang dikenal sebagai pusat aktivitas hiburan malam sekaligus lokasi praktik prostitusi terselubung. Melalui pendekatan kualitatif deskriptif dengan metode studi kepustakaan (library research), penelitian ini menganalisis dokumen kebijakan seperti Peraturan Daerah Nomor 1 Tahun 2024 tentang Pajak Daerah dan Retribusi Daerah Pasal 60, serta data sekunder berupa pemberitaan media daring, artikel ilmiah, dan literatur akademik yang relevan. Data dianalisis menggunakan analisis wacana kebijakan (policy discourse analysis) dengan teknik reduksi, penyajian, dan penarikan kesimpulan sebagaimana dikemukakan oleh Miles, Huberman, dan Saldana (2014). Hasil penelitian menunjukkan bahwa kebijakan kenaikan pajak hiburan malam hingga 75% memiliki implikasi ganda: di satu sisi memperkuat legitimasi politik pemerintah kota dalam merespons tuntutan moral masyarakat, namun di sisi lain melahirkan konsekuensi tak terduga berupa negosiasi baru antara pemerintah, pengusaha hiburan malam, dan pekerja seks. Pajak yang tinggi justru mendorong*

*penguatan kapitalisasi tubuh pekerja seks, memperlebar ketergantungan ekonomi masyarakat sekitar pada industri hiburan malam, serta membuka ruang kompromi politik informal antara pengusaha dan aparat. Penelitian ini menegaskan bahwa kebijakan fiskal tidak pernah netral, melainkan selalu terkait dengan dinamika sosial, politik, dan ekonomi lokal. Oleh karena itu, diperlukan tindak lanjut berupa penguatan alternatif kebijakan berbasis pendekatan humanis dan inklusif, seperti penyediaan lapangan kerja formal, program pemberdayaan ekonomi perempuan, serta pengawasan yang lebih transparan dan akuntabel.*

**Kata Kunci:** Pajak hiburan malam, prostitusi, kebijakan fiskal, regulasi sosial

## Introduction

This study was conducted in the context of policies regarding nightlife venues in Makassar City, focusing on analyzing regional policies that regulate the existence and legality of nightlife businesses and their impact on the socio-economic dynamics of society, including prostitution. Prostitution in this study is understood as a complex issue that is closely related to social change, the development of the entertainment industry, and structural factors such as poverty, unemployment, and limited social security. The decision to study this issue was based on three factors: (1) the limited number of studies discussing the relationship between nightlife policies and their implications for prostitution practices in the region; (2) the need to provide a contextual understanding of how nightlife tax policies serve as instruments of social control and economic equality; and (3) the political significance of these policies, particularly as they involve interactions between local regulations, economic interests, and social responses from the community.

Policies regarding nightlife establishments (THM) in urban areas, particularly on Jalan Nusantara in Makassar City, are complex because they lie at the intersection of public recreational needs, economic interests, and contradictory social issues. THMs are often positioned as part of the tourism industry, where their existence is considered capable of supporting regional economic growth through tax contributions and tourist appeal.<sup>1</sup> However, dynamics in the field show that nightlife functions are often intertwined with prostitution practices that not only violate religious and social norms but also contradict Indonesian positive law.<sup>2</sup> This complexity necessitates a more in-depth academic study of THM management policies in Makassar, particularly using a political economy approach that examines existing policies' power relations, interests, and socio-economic impacts.

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<sup>1</sup>Oka A. Yoeti, *Pengantar Ilmu Pariwisata* (Banyuwangi: Angkasa, 2002), [https://books.google.co.id/books?id=q48\\_HAAACAAJ](https://books.google.co.id/books?id=q48_HAAACAAJ).

<sup>2</sup> Andika Dwi Amrianto et al., "Kriminalisasi Dan Reformulasi Perbuatan Prostitusi Dalam Hukum Pidana: Catatan Kritis Atas Minimnya Pengaturan Perbuatan Prostitusi Di Indonesia," *Jurnal Penegakan Hukum Dan Keadilan* 4, no. 2 (September 30, 2023): 38-58, <https://doi.org/10.18196/jphk.v4i2.18091>.

As a significant city, Makassar cannot be separated from the nightlife phenomenon, which has flourished alongside modernization and urban lifestyles. THMs such as nightclubs, bars, karaoke bars, and night restaurants have become recreational spaces for people who want to relax after daily activities. THMs also often attract tourists looking for various nightlife experiences, so this sector economically contributes to the turnover of services and labor. In this context, THMs are considered part of the legal tourism industry, as regulated in Makassar City Regulation No. 5 of 2011 concerning the List of Tourism Businesses. Formally, this business is legal and recognized as a provider of entertainment services for visitors. However, this legality does not necessarily eliminate the inherent social problems, especially the rampant prostitution that often uses THMs as a cover.

The phenomenon of prostitution in urban areas cannot be separated from the socio-economic dynamics of society. Hart<sup>3</sup> categorizes prostitution as part of the illegal informal sector of the economy because it violates the law and moral norms. In the Indonesian context, prostitution is seen as a violation of morality and human rights because it exploits the human body as an economic commodity.<sup>4</sup> The prevalence of commercial sex workers (PSK) in urban areas reflects structural pressures in the form of fierce job competition, high education costs, and limited access to decent work. These conditions lead some people to view prostitution as a more flexible and financially promising economic alternative, especially for single mothers.<sup>5</sup>

In the city of Makassar, Jalan Nusantara presents the most obvious face of this phenomenon. Strategically located between two major ports, namely Soekarno Port and Hatta Port, this area has long been known as a center of nightlife. The loading and unloading of cargo and the movement of passengers have created a potential market for nightlife entertainment, as well as fertile ground for prostitution. Although the karaoke bars and pubs in this area are formally categorized as tourism businesses, in practice, some of them have been converted into places for covert commercial sex transactions.

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<sup>3</sup> Sukamdi. "Urbanization and the Structure of Urban Employment in Indonesia." *Journal of Social Issues in Southeast Asia* 11, no. 1 (1996): 52-75. <https://doi.org/10.1355/sj11-1c>.

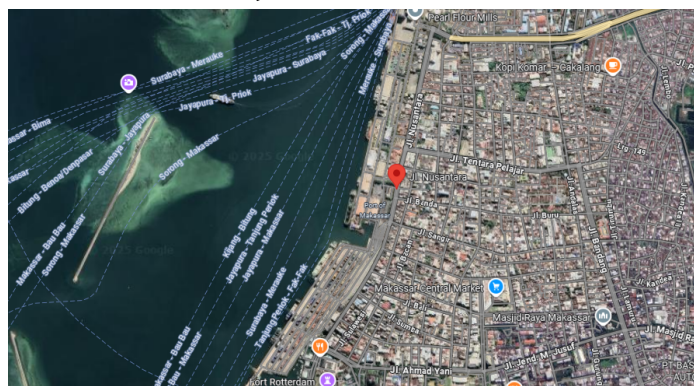
<sup>4</sup> Melissa Farley et al., "Prostitution and Trafficking in Nine Countries," *Journal of Trauma Practice* 2, no. 3-4 (January 14, 2004): 33-74, [https://doi.org/10.1300/J189v02n03\\_03](https://doi.org/10.1300/J189v02n03_03).

<sup>5</sup> Lin Lean Lim, "The Sex Sector - The Economic and Social Bases of Prostitution in Southeast Asia," *International Journal of Social Economics* 27, no. 3 (2000): 244-55, <https://doi.org/10.1108/ijse.2000.27.3.244.1>.

**Figures 1 and 2. Shops and shop houses in Nusantara, Makassar City**

Source: google.com

The problems in Jalan Nusantara are not only related to norms but also to regional fiscal policy. The city government has taken advantage of the presence of these nightlife venues to increase regional revenue through regional taxes and levies. The Makassar City Council then enacted Local Regulation No. 1 of 2024 on regional taxes and levies, which increased the tax rate on nightlife entertainment by 75%, as stated in Article 60.<sup>6</sup> Before this regional regulation was enacted, data showed that the overall effectiveness of entertainment tax revenue during the 2017-2020 period was ineffective, with an average effectiveness rate of 52%. However, there was a potential loss of Rp 22,011,076,237 on average.<sup>7</sup> This tax increase is intended to increase local revenue, prevent a race to the bottom in nightlife business competition, and act as a mechanism for social control. In this case, tax is not merely a fiscal instrument, but also a political instrument to curb the harmful excesses of nightlife businesses on society.<sup>8</sup>

**Gambar 3. Lokasi Jalan Nusantara kota Makassar**

Source: Google Maps

<sup>6</sup> Perda Nomor 1 Tahun 2024 gntang pajak daerah dan retribusi daerah

<sup>7</sup> Lucy Platt et al., "Systematic Review Examining Differences in HIV, Sexually Transmitted Infections and Health-Related Harms between Migrant and Non-Migrant Female Sex Workers," *Sexually Transmitted Infections* 89, no. 4 (June 2013): 311-19, <https://doi.org/10.1136/sextrans-2012-050491>.

<sup>8</sup> Richard M. Bird and Eric M. Zolt, "The Limited Role of the Personal Income Tax in Developing Countries," *Journal of Asian Economics* 16, no. 6 (December 2005): 928-46, <https://doi.org/10.1016/j.asieco.2005.09.001>.

However, despite these regulatory functions, the issue of prostitution on Jalan Nusantara has not been automatically resolved. It shows that there is a gap between existing formal policies and the social reality on the ground. The Makassar City Regulation focuses more on regulating taxes and the legality of nightlife businesses, but does not explicitly address prostitution. In fact, prostitution is the main problem arising from the existence of nightlife establishments. The absence of specific regulations on prostitution means that it is only dealt with through enforcement operations by the authorities or by classifying the practice as a criminal offense against public decency, as stipulated in Article 506 of the Criminal Code on pimping.

Previous studies have also shown that the issues of prostitution and THM in Makassar tend to be examined from legal and social perspectives, but are rarely analyzed using a political economy approach. Novita Yunus (2022), for example, examined the factors that influence sex workers on Jalan Nusantara and legal action against prostitution<sup>9</sup>, while Patabo (2021) highlighted the role of the government in regulating THM<sup>10</sup>. Another study by Muhammad Ariq Fauzan focuses more on the criminological aspects of crime in nightlife venues. It reveals a gap in research, namely that there have not been many studies examining how nightlife tax policies function not only as fiscal instruments but also as social regulatory instruments that directly intersect with prostitution practices.

This study analyzes the relationship between fiscal policy (nightlife tax), tourism regulations, and the reality of prostitution in the Jalan Nusantara area using a political economy approach. This approach is essential because it opens up the space for analysis that policies are not neutral, but rather the result of a tug-of-war between the interests of the state, business actors, and the community. The 75% nightlife tax, for example, reflects the government's efforts to control social impacts, but it also shows how prostitution and nightlife are capitalized as sources of local revenue. Thus, commercial sex workers are ultimately trapped in a cycle of human body capitalization that is indirectly institutionalized through public policy.

At the implementation level, controlling prostitution through fiscal policy also faces serious challenges. Internal individual factors and external factors, such as economic pressure, environmental influences, and limited social safety nets, influence prostitution as a socio-economic phenomenon.<sup>11</sup> In modern societies that are increasingly consumptive, prostitution has even

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<sup>9</sup> Novita Yunus. "Analisis Pidana Prostitusi Di Kota Makassar." Universitas Bosowa, 2022.

<sup>10</sup> Patabo, Muh Tahir, and Samsir Rahim. "Peran Pemerintah Dalam Penertiban Dan Penataan Tempat Hiburan Malam Di Kota Makassar." *Kajian Ilmiah Mahasiswa Administrasi Politik 2*, no. 4 (2021): 17.

<sup>11</sup> Rebecca Surtees, "Female Migration and Trafficking in Women: The Indonesian Context," *Development* 46, no. 3 (2003): 99-106, <https://doi.org/10.1057/palgrave.development.1110475>.

become part of a simulacrum of lifestyle, where symbols of consumption and entertainment dominate social behavior.<sup>12</sup> It means that fiscal policy alone is not enough to overcome prostitution without comprehensive social policies, such as women's economic empowerment, increased access to education, and the provision of decent employment.

In addition, Indonesia's policy through the 2019 Indonesia Free of Prostitution Localization program launched by the Ministry of Social Affairs demonstrates a moral and political commitment to eradicating prostitution. However, at the local level, these efforts are often not in line with the reality on the ground. Prostitution continues to thrive behind the legality of nightlife businesses. It shows the ambivalence of the policy: on the one hand, the government prohibits prostitution, but on the other hand, it recognizes the legality of nightlife businesses, which often become a breeding ground for prostitution. This ambivalence must be further examined to find a consistent, comprehensive, and equitable policy formulation.

Thus, this study emphasizes the importance of a political economy approach in analyzing THM policies on Jalan Nusantara in Makassar City. The focus of the study is not only on issues of legality or legal aspects, but also on how public policy, through fiscal instruments in the form of nightlife taxes, interacts with the realities of prostitution and the informal economy. This study offers a novel perspective in that nightlife tax policies not only generate local revenue but also indirectly shape the structure of the capitalization of sex workers' bodies in the dynamics of urban development. In this context, women's bodies in the night entertainment industry are treated as valuable economic commodities and exploited to cover high tax burdens. Therefore, this study does not merely highlight the moral dilemma of prostitution, but also opens up a discussion on how public policy can be used as a more humanistic, inclusive, and pro-vulnerable group social regulation instrument.

## **Theoretical Study**

The policy prohibiting prostitution in Indonesia, including the closure of red-light districts in various regions such as Makassar, Surabaya, and Jakarta, is often presented as a form of implementing moral and religious values inherent in public policy discourse. In practice, this policy is not merely an administrative or law enforcement measure, but also a political instrument that reflects the state's dominance in regulating public morality. However, the consequences of this policy are very complex, especially for commercial sex

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<sup>12</sup> Jean Baudrillard, "The Consumer Society: Myths and Structures," *The Consumer Society: Myths and Structures*, 2017, <https://doi.org/10.4135/9781526401502>.

workers (PSK), who are the most vulnerable group. The implications of this policy can be examined from two main dimensions: first, the social aspect related to economic vulnerability, stigma, and social marginalization experienced by PSK; second, the political aspect, which includes the formation of solidarity networks, patterns of negotiation with authorities, and the emergence of forms of covert resistance as survival strategies.

#### **A. Social Dimensions: Economic Vulnerability, Stigma, and Marginalization**

The closure of red-light districts and the official ban on prostitution have had a significant impact on the economic lives of sex workers. Prostitution, although often viewed as immoral and illegal, is for many women the only source of livelihood available to them in an unequal social structure. As stated by Dewatanti (2003), sex workers in developing countries are generally trapped in limited economic conditions, low access to education, and limited job skills, making prostitution a rational choice in the context of economic survival<sup>13</sup>. Therefore, when the government closes red-light districts, sex workers immediately lose their primary source of income.

This economic vulnerability is exacerbated by the absence of alternative employment opportunities systematically provided by the state. Swastini's (2025) study on the closure of the Dolly red-light district in Surabaya shows that most former sex workers who participated in job conversion programs failed to survive in their new jobs, either due to limited skills, capital, or social stigma.<sup>14</sup> In many cases, they return to prostitution, but in a more dispersed and hidden form, making it much more challenging to monitor and more prone to violence.

In addition to economic vulnerability, social stigma is also an important dimension that constrains sex workers after the prohibition of prostitution. Prostitution is not only seen as a violation of the law but also as a social sin that damages the morality of the community. It causes sex workers to experience not only discrimination in their daily lives, but also difficulties in accessing public services, education for their children, and social support.<sup>15</sup> In specific contexts, their existence is even positioned as a threat to the image of regions that are trying to build a modern and religious identity, such as the city of Makassar, which aggressively promotes itself as a religious and civilized city.

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<sup>13</sup> Ratih Dewayanti. "Perempuan, Kemiskinan, Dan Pengambilan Keputusan." *Jurnal Analisis Sosial* 8, no. 2 (2003).

<sup>14</sup> Ni Luh Manik Esa Swastini, Tedi Erviantono, and Piers Andreas Noak. "Politik Tubuh Perempuan Antara Kontrol Sosial Dan Resistensi." *Socio-Political Communication and Policy Review* 2, no. 3 (June 10, 2025). <https://doi.org/10.61292/shkr.247>.

<sup>15</sup> Yaris Adhial Fajrin and Ach. Faisol Triwijaya, "Perempuan Dalam Prostitusi: Konstruksi Pelindungan Hukum Terhadap Perempuan Indonesia Dari Perspektif Yuridis Dan Viktimologi," *Eprints.Umm.Ac.Id* 10, no. 1 (2019): 67-88, <https://tirto.id/1000-buruh-migran-perempuan->.

The social marginalization experienced by sex workers becomes even more apparent when they are confronted with repressive policies. Instead of being viewed as citizens with fundamental rights that need to be protected, sex workers are often treated as objects of control. Policies prohibiting prostitution emphasize the control of public spaces rather than the social protection of this vulnerable group. As a result, sex workers are trapped in a cycle of deepening marginalization. Within the framework of social exclusion theory,<sup>16</sup> sex workers become a group that is not only economically marginalized but also symbolically and politically marginalized, because their access to public spaces and citizenship rights is limited by stigma and discriminatory regulations.

## **B. Political Dimensions: Negotiation, Solidarity, and Resistance**

From a political perspective, the policy of prohibiting prostitution has given rise to interesting dynamics. Despite being in a weak position, sex workers are not a passive group. They have developed strategies of adaptation and resistance in the face of state pressure. Negotiating with law enforcement officials is one of the most common forms of adaptation. A study by Ford and Lyons (2021) on sex workers in Indonesia shows that prostitution practices spread across informal spaces often depend on transactional relationships with officials, whether in the form of security payments or other forms of negotiation that allow their activities to continue<sup>17</sup>. It indicates the existence of a covert patronage relationship that places officials as essential actors in regulating prostitution outside the formal legal framework.

In addition to negotiation, sex workers also build solidarity networks at the community level and through the support of non-governmental organizations (NGOs). This solidarity involves social gatherings, informal organizations, and communication networks that enable them to protect each other and share information about the risk of raids or violence. According to research by Suksesi (2017), these solidarity networks not only function as a survival strategy but also as a form of informal politics that affirms the existence of sex workers as active social subjects.<sup>18</sup>

Another form of political response by sex workers is covert resistance. This resistance does not always take the form of demonstrations or formal social movements, but rather through everyday practices that challenge state domination. For example, sex workers who continue to work in hidden spaces

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<sup>16</sup> Hilary Silver, "Social Exclusion and Social Solidarity: Three Paradigms," *International Labour Review* 133 (1994): 531–78.

<sup>17</sup> Michele Ford dan Lenore Lyons. Men and Masculinities in Southeast Asia. 2012, 1–163. <https://doi.org/10.4324/9780203197394>

<sup>18</sup> Keppi Sukesi, Henny Rosalinda, and Agustina Shinta Hartini. Migrasi Perempuan, Remitansi Dan Perubahan Sosial Ekonomi Pedesaan, 2017, 50–53



use digital technology to find customers or even exploit loopholes in government policy. Klatt (1977) refers to this form of resistance as weapons of the weak, namely, small but significant strategies subordinate groups use to negotiate their living space within oppressive power structures.<sup>19</sup>

The political consequences of this resistance are complex. On the one hand, it shows that the state is not fully capable of controlling prostitution through prohibition policies. On the other hand, it opens up space for new relations between the state and citizens at the grassroots level. These relations are characterized by ambivalence: the state seeks to uphold public morality, but at the same time, officials in the field engage in negotiations and patronage that actually perpetuate prostitution in a hidden form. It reveals a double standard in prostitution policy, where formal legality does not always align with informal practices that take place in society.<sup>20</sup>

Policies prohibiting prostitution and closing red-light districts, such as those implemented on Jalan Nusantara in Makassar, show that public policy in Indonesia is often still oriented towards symbolic morality rather than social protection. Local governments use the prohibition of prostitution as a way to demonstrate moral commitment, but fail to provide real protection mechanisms for vulnerable groups affected. As a result, instead of solving the problem of prostitution, these policies actually encourage prostitution to become more widespread, uncontrolled, and more prone to exploitation and violence.

From a human rights perspective, this situation raises fundamental questions about the state's obligations. As citizens, sex workers have the right to social protection, health, and security. However, policies that emphasize prohibition without an inclusive approach actually exclude sex workers from accessing these rights. In this context, an economic-political approach is essential to understand how public policy reflects moral regulation efforts and shapes power relations and resource distribution structures that systematically disadvantage vulnerable groups.<sup>21</sup>

Thus, this sub-discussion emphasizes that the policy of prohibiting prostitution on Jalan Nusantara in Makassar cannot be understood solely within the framework of formal legality. It must be seen as a political practice with broad social and political implications: exacerbating economic vulnerability, reinforcing stigma, marginalizing sex workers from public

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<sup>19</sup> E. P. Thompson, *The Moral Economy Of The English Crowd In The Eighteenth Century*, *Past and Present* 50, no. 1 (1971): 76–136, <https://doi.org/10.1093/past/50.1.76>; W. Klatt, "The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia," *International Affairs* 53, no. 3 (1977): 514–15, <https://doi.org/10.2307/2615375>.

<sup>20</sup> Platt et al., "Systematic Review Examining Differences in HIV, Sexually Transmitted Infections and Health-Related Harms between Migrant and Non-Migrant Female Sex Workers."

<sup>21</sup> Gerda Roelvink, "Scales of Justice: Re-imagining Political Space in a Globalizing World – By Nancy Fraser," *New Zealand Geographer* 65, no. 2 (2009): 163–64, [https://doi.org/10.1111/j.1745-7939.2009.01158\\_5.x](https://doi.org/10.1111/j.1745-7939.2009.01158_5.x).

spaces, but also giving rise to dynamics of negotiation, solidarity, and resistance that reveal the complexity of state-citizen relations at the grassroots level.

## **Method**

This study uses a descriptive qualitative approach, utilizing primary and secondary data to investigate the dynamics of nightlife policies in Makassar City and their implications for prostitution practices. Primary data consists of policy documents, including Local Regulation No. 1 of 2024 concerning Nightlife Tax and related regulations issued by the Makassar City Government and the Regional Representative Council. In addition, primary data also includes online media reports obtained through Google search engines using a combination of specific keywords, such as Makassar nightlife local regulation, 75% entertainment tax, and Makassar prostitution. The search yielded 27 online news articles published between January and June 2024, which were then selected based on three main criteria: (1) direct relevance to the night entertainment tax policy and its impact on prostitution practices on Jalan Nusantara, (2) clarity of sources and media credibility, and (3) diversity of perspectives to ensure a balanced analysis. The news articles came from local media (e.g., Fajar, Tribun Makassar, and Sulsel.id) and national media (e.g., Kompas, CNN Indonesia, and Tempo), comparing discourse between the local and national levels. Secondary data was obtained from journal articles, research reports, and academic literature relevant to the research focus, such as studies on prostitution and public policy.<sup>22</sup>

Data analysis was conducted as a library research study adopting Miles and Huberman's policy discourse analysis approach and steps. Huberman & Saldana's operational approach: first, the collection and organization of sources included Local Regulation No. 1 of 2024 (Article 60), online news archives systematically collected using relevant keywords, scientific articles, and reports; all materials were cataloged in a reference database. Second, data reduction was carried out through a gradual coding process (open → axial → selective coding) that placed text excerpts into clear operational categories, such as fiscal indicators (tariff changes, local revenue contributions), regulatory and enforcement indicators (references to raids, legal references), local economic indicators (service price adjustments, employment dependence on the entertainment industry), body capitalization indicators

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<sup>22</sup> Lim, "The Sex Sector – The Economic and Social Bases of Prostitution in Southeast Asia"; Surtees, "Female Migration and Trafficking in Women: The Indonesian Context"; Farley et al., "Prostitution and Trafficking in Nine Countries"; Ayelet Shai, Shahar Koffler, and Yael Hashiloni-Dolev, "Feminism, Gender Medicine and beyond: A Feminist Analysis of 'Gender Medicine,'" *International Journal for Equity in Health* 20, no. 1 (December 3, 2021): 177, <https://doi.org/10.1186/s12939-021-01511-5>; Baudrillard, "Consum. Soc. Myth. Struct."

(discussions of body commodification, changes in the price structure of sex services), and informal political indicators (evidence of negotiations, rent-seeking/collusion practices). Third, data presentation is carried out as evidence-indicator matrices and narrative maps that map the relationships between categories and compare policy claims with media reports and literature. Fourth, the analysis combines deductive and inductive approaches: the political-economic framework (clientelism theory, policy feedback, and body capitalism) is used deductively to guide the reading of power relations and benefit distribution, while new patterns and variables are explored inductively from the data. Finally, verification is carried out through triangulation of sources and checking the consistency between findings, assessing whether the local regulation reduces or intensifies prostitution practices, operationalized through evidence on the above indicators (e.g., evidence of the shift of practices to hidden spaces, increases in service rates, traces of informal negotiations, and changes in local revenue contributions), so that conclusions are based on the weight of convergent evidence, not on one type of data alone.

## **Results and Discussion**

### **Taxes as Fiscal Instruments and Social Regulation**

Fiscal policy in public policy literature is never understood as a technical tool for managing state or regional finances. Taxes are neutral fiscal instruments and political and social instruments laden with values, interests, and moral orientations.<sup>23</sup> It becomes relevant when linked to the Makassar City Government's policy of increasing nightlife taxes (THM) by 75% through Local Regulation No. 1 of 2024.<sup>24</sup> This policy aims to strengthen regional revenue by referring to the legal framework.<sup>25</sup>

However, when placed in the context of Jalan Nusantara, an area socially known as the center of nightlife activities and the epicenter of covert prostitution in Makassar City, nightlife tax takes on a more complex dimension. Tax is no longer merely a fiscal issue but has regulatory and social dimensions. The increase in THM rates has become an arena of tug-of-war between economic logic, public moral demands, and local political dynamics. From a political economy perspective, nightlife taxes on Jalan Nusantara can be understood as a meeting point between the fiscal interests of the government, the economic interests of entertainment business owners, and the social

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<sup>23</sup> Merilee S. Grindle, "Politics and Policy Implementation in the Third World," *Politics and Policy Implementation in the Third World*, 2017, 1-311, <https://doi.org/10.2307/2619175>.

<sup>24</sup> Perda kota Makassar Nomor 1 Tahun 2024 tentang Pajak Daerah dan Retribusi Daerah.

<sup>25</sup> Undang-Undang Nomor 1 Tahun 2022 tentang Hubungan Keuangan antara Pemerintah Pusat dan Daerah (HKPD)

reality of sex workers living in the nightlife industry's orbit. Jalan Nusantara has become a social laboratory where multi-actor interactions take place—the government as regulator, business owners as taxpayers, civil society as a moral pressure group, and sex workers as a vulnerable group.

Fiscal policy in this case cannot be separated from two main conceptual frameworks: tax as a fiscal instrument and tax as a social regulatory instrument.<sup>26</sup> First, as a fiscal instrument, the nightlife tax increases Local Own-Source Revenue (PAD). The nightlife industry in Makassar has contributed significantly to the local treasury, so that tax policy can strengthen the government's fiscal capacity. Based on available data, nightlife taxes contribute 3% of Makassar's total PAD, amounting to 1.6 trillion rupiah. Second, as a social regulatory instrument, high tax rates are projected to reduce nightlife consumption and mitigate the social impacts often associated with it, such as prostitution, crime, and narcotics.

The Jalan Nusantara case shows that increasing THM taxes does not automatically reduce nightlife activities or prostitution; the study's findings reveal the forms of informal negotiations in more detail. These negotiations take the form of, for example, regular payments of security money or fees to officials/authorities to reduce the frequency of raids, closed agreements to ensure that inspections are carried out selectively at specific locations, relaxation of licensing requirements for entrepreneurs who are willing to make political or material contributions, and collective lobbying by business associations that pressure local councils/local governments to soften the implementation of local regulations. In daily operational practice, adjustments to service prices and the imposition of additional fees on customers or sex workers are also seen as a way for entrepreneurs to cover their fiscal burdens. The implications of this pattern of negotiation are multi-layered: Bureaucratically, it makes the enforcement of local regulations selective and inconsistent (discriminatory enforcement). Fiscal, it simultaneously creates formal revenue streams (taxes) and informal revenue streams (rents). Moreover, socially, it encourages prostitution to shift to more hidden and vulnerable practices—increasing the privatization of transactions, reinforcing the commodification of sex workers' bodies, and increasing the risk of exploitation and violence. Therefore, the initial argument needs to be reformulated: the local regulation was indeed intended to strengthen local revenue and reinforce public moral signals, but in the context of local power relations, this policy coexists with patronage mechanisms<sup>27</sup>; rather than

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<sup>26</sup> Bird and Zolt, "The Limited Role of the Personal Income Tax in Developing Countries."

<sup>27</sup> Thompson, "The Moral Economy Of The English Crowd In The Eighteenth Century"; Klatt, "The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia."

eliminating the practice, the local regulation reproduces a political-economic negotiation arena that simultaneously maintains revenue streams and deepens the vulnerability of vulnerable groups.

Another dimension that emerges from the nightlife tax policy is how this policy indirectly shapes the commodification of sex workers' bodies. In the context of Jalan Nusantara, the existence of nightlife cannot be separated from covert prostitution. The tax increase has led entrepreneurs to find ways to cover the additional costs.<sup>28</sup> One strategy is to increase dependence on sex workers as the main attraction of nightlife. Sex workers' bodies are thus increasingly commodified to cover fiscal burdens. It is in line with Farley's (2004) analysis, which shows that prostitution in the context of modern capitalism is a form of economic exploitation that reinforces women's vulnerability.<sup>29</sup> In the context of Jalan Nusantara, sex workers not only face social stigma but are also increasingly pressured by the logic of body commodification reinforced by tax policies.

High nightlife taxes indirectly create an informal political ecosystem involving complex interactions between local governments, law enforcement officials, nightlife business owners, and sex workers. Tax increases of up to 75% put business owners under significant financial pressure, prompting them to seek informal ways to reduce their fiscal burden, such as establishing transactional relationships with tax officials and law enforcement officers. In practice, these relationships develop into patterns of patronage and rent-seeking, with business owners providing financial compensation or certain facilities in exchange for lenient supervision, tax payment deferrals, or protection from raids. The actors who benefit most from these relationships are the local bureaucratic elite and supervisory officials. At the same time, those who are most excluded are sex workers and the surrounding community, who do not have access to these informal networks.<sup>30</sup> This informal politics weakens the effectiveness of the HTM Regional Regulation because its implementation becomes selective and inconsistent: businesses with strong connections continue to operate safely, while those without protection face administrative sanctions. As a result, fiscal policy loses its regulatory function and instead strengthens the clientelism structure that supports the rentier economy. In this context, nightlife taxes are no longer a tool for controlling social excesses, but rather an arena for exchanging political and economic interests that prolongs the dependence between local

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<sup>28</sup> Ajir, "Merasa Dipersulit, Pengusaha Hiburan Malam Minta Solusi Ke DPRD Makassar," *Respublica*, 2025, <https://res-publica.id/2025/06/03/merasa-dipersulit-pengusaha-hiburan-malam-minta-solusi-ke-dprd-makassar/>.

<sup>29</sup> Farley et al., "Prostitution and Trafficking in Nine Countries."

<sup>30</sup> Allen Hicken, "Clientelism," *Annual Review of Political Science* 14, no. 1 (June 15, 2011): 289-310, <https://doi.org/10.1146/annurev.polisci.031908.220508>.

governments, entertainment capital, and covert prostitution practices on Jalan Nusantara. Within the framework of policy feedback theory,<sup>31</sup> nightlife tax policy not only generates short-term revenue but also shapes the behavior of actors, political preferences, and long-term socio-economic structures. Significant fiscal revenue makes the government ambivalent about restricting nightlife or allowing it to continue for local coffers.

One of the most significant implications of nightlife tax policies is their impact on vulnerable groups, particularly sex workers. They are in a weak bargaining position, facing social stigma and economic pressure exacerbated by fiscal policies. This condition is in line with Surtees' (2003) findings that prostitution is often an economic outlet for poor women and single mothers.<sup>32</sup> The concept of body capitalism can explain how the bodies of sex workers are traded as commodities in the entertainment market.<sup>33</sup> Nightlife taxes indirectly shape the price of sex workers' bodies because entrepreneurs raise entertainment service rates, which then leads to an increase in commercial sex rates. Thus, fiscal policies that appear neutral actually have significant gender implications.

The nightlife tax policy on Jalan Nusantara in Makassar shows that taxes are never neutral. They are always political, moral, and social instruments laden with meaning. The 75% nightlife tax not only increases local revenue but also regulates the socio-economic landscape of nightlife, reinforces the commodification of sex workers, and reinforces rent-based informal politics. Thus, from a political economy perspective, the nightlife tax on Jalan Nusantara must be understood as both a fiscal instrument and a social regulation that creates moral dilemmas, reinforces clientelism, and generates policy paradoxes. Rather than merely being a fiscal instrument, the nightlife tax has become a political arena where the state, capital, and vulnerable groups meet in complex negotiations.

## Conclusion

This article shows that the policy of prohibiting prostitution in Makassar City, particularly concerning the regulation of nightlife establishments (THM), is legal and moral and has complex social, economic, and political dimensions. The main findings of the study show that instead of

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<sup>31</sup>Paul Pierson, "When Effect Becomes Cause: Policy Feedback and Political Change," *World Politics* 45, no. 4 (July 13, 1993): 595-628, <https://doi.org/10.2307/2950710>.

<sup>32</sup>Surtees.

<sup>33</sup>Bárbara Monteiro de Barros da Gama, "Caliban and the Witch: Women, the Body and Primitive Accumulation," *Investigación & Desarrollo* 27, no. 1 (2020): 265-78, <https://doi.org/10.14482/indes.27.1.305.4>; Emily van der Meulen, "Temporarily Yours: Intimacy, Authenticity, and the Commerce of Sex," *Contemporary Sociology: A Journal of Reviews* 38, no. 1 (2009): 87-88, <https://doi.org/10.1177/009430610903800154>.

eliminating prostitution, the prohibition policy has actually driven the activity underground, making it difficult to monitor and potentially increasing the vulnerability of commercial sex workers (PSK). This situation is exacerbated by weak social protection, limited alternative employment opportunities, and social stigma that further marginalize CSWs from safe social spaces.

From a political perspective, this study confirms that the policy of prohibiting prostitution creates new relationships between sex workers, law enforcement, nightlife entrepreneurs, and local governments. These relationships are not only based on compliance, but also negotiation, compromise, and even covert resistance through solidarity among sex workers and informal networks. These findings show that moralistic public policies often have unintended consequences, namely, strengthening informal practices and weakening the position of vulnerable groups.

As a follow-up, this study recommends the need for a change in approach to viewing prostitution, from solely a moral and criminal issue to an economic, political, and social regulation issue. Local governments need to develop more humane and inclusive policies by providing access to social protection, skills training, and alternative employment opportunities for sex workers. In addition, this study opens up space for further research on how fiscal policies, such as nightlife taxes, indirectly influence the structure of the capitalization of women's bodies in the urban economy. Thus, follow-up research should not only focus on policy evaluation but also on finding a formula for social regulation that favors vulnerable groups without neglecting the moral aspirations of society.

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