

---

EDITORIAL

## Presentation of the Special Issue

Luiz Guilherme Mendes de Paiva<sup>1</sup>, Gabriel Feltran<sup>2</sup> and Juliana de Oliveira Carlos<sup>3</sup>

<sup>1</sup> Brazilian Institute for Criminal Sciences, BR

<sup>2</sup> Centre for Metropolitan Studies and Federal University of São Carlos, Department of Sociology, BR

<sup>3</sup> University of São Paulo, Department of Sociology, BR

Corresponding author: Luiz Guilherme Mendes de Paiva (paivalg@gmail.com)

---

The special issue of the *Journal of Illicit Economies and Development* presents various aspects of illicit markets in Brazil, their connections with legal activities and the institutional responses. It focuses on the characters, moral standards and operating rules of those economies, and explores the prevalence of non-state regulation, as well as the connection between illegal trade and economic development. This introductory article offers a brief introduction on Brazilian current debates and outlines key aspects of the papers comprising the special issue.

---

**Keywords:** illicit economies; development; Brazil; JIED

---

This special issue of the *Journal of Illicit Economies and Development* (JIED) presents cutting-edge research on illicit markets in Brazil to international readers. In each paper included here, we argue that Brazilian studies on drug trafficking, informal markets, urban violence, and the justice system have a tradition that is still scarcely known in English.

That research tradition has produced the analytical premise, supported by empirical studies since the 1980s, that there are intrinsic connections not only between legality and illegality, but also between crime and justice and between illicit markets and the means of social control, including law enforcement policies. Connection, however, does not imply the lack of a distinction. On the contrary, there is a vast difference between being considered an actor of order or of crime, being part of the official economy, protected by laws and rights, or an illicit economy, the object of dispute between armed groups.

According to the papers pioneering the above-mentioned research tradition, that difference gives rise to coexisting systems of urban order. There are some places and situations in which the state governs, but side by side with either criminal groups, the ‘factions’, or rogue police officers, the ‘militias’, which also fight to govern urban order. In addition to them, there are religious and market actors. Those coexisting ruling systems are now obviously supported by thriving economies—drug trafficking, smuggling, vehicle thefts, bribery, extortion, and so on. A great deal of money circulates between legal and illegal markets, although legality and illegality are separate regimes. As we will see, entire economies based on systematic bribery and political merchandise flourish precisely on that border. Contrary to conventional wisdom, the country’s economic growth spurs both legal and illegal economies, thus boosting job creation and economic development while fueling violence and inequality.

How can we understand those boundaries between legal and illegal without assuming there is either a total opposition or a total lack of distinction between an allegedly virtuous side, that of law and order, and an allegedly criminal underworld? In parallel, how can we describe the economic, social, and political ties between those worlds? That is our challenge. The papers presented here start from the premise that it is crucial to go from the bottom up, that is, empirically describe the operation, actors, and official and unofficial regulatory instruments of those economies and finally proceed to a larger scale and seek to understand the power struggles that shape them. In summary, it is important to get to know the flesh-and-blood people behind the different scales of those economies. Only then will we be able to sort, frame, and produce solutions that effectively minimize the violence and inequalities that now pervade illicit economies.

This special issue presents different aspects of Brazilian illicit markets and their connections with the justice system. It focuses on the characters, moral standards, and operating rules of those economies, which employ millions of people and kill tens of thousands of low-level employees per year in Brazil. It explores

the prevalence of non-state regulation, as well as the connection between illegal trade and economic development. It also deals with law enforcement's and judicial authorities' responses to those economies, as well as the effects of those responses.

Brazil is a continent-sized middle-income country marked by extreme inequalities. Highly industrialized, economically developed areas can be found right next to poor communities, in which people have extremely limited access to basic social services and both the informal sector and lawlessness are part of everyday life. Coupled with high economic growth in the past decade, Brazilian inequality created countless opportunities for illegal markets to thrive. Those markets can provide important—if not the only—sources of income for those unable to find formal employment due to poverty, poor education, and limited resources for social integration; on the other hand, they pose obstacles to social development and give rise to mass criminalization, a pivotal factor in urban segregation. Illegal markets, which generate a great deal of money for some, are also vectors of violence and justify the state's systematic omission or repression to many low-level operators. Inequality is the hallmark of those economies.

The institutional response to those problems is highly insufficient and often incites more violence. Of the over 60,000 homicides a year recorded in Brazil, law enforcement accounts for 10–30%, depending on the state. Of all homicide cases in Brazil, fewer than 15%—and virtually none of those victimizing poor black youth, favela dwellers, and low-level operators of the illegal drug and car theft markets—are solved. The overincarceration of those same groups in recent decades greatly jeopardizes their chances of finding formal employment. In summary, the state's response to that problem has been increasing the very inequality and underdevelopment it is designed to tackle—at least in theory.

The inefficiency of those policies can be clearly seen on a daily basis due to their disastrous results. Over the past 30 years, Brazil has become increasingly more violent and, at the same time, has intensified the public outcry for harsher repression, more incarceration, and more state violence. In the wake of that public outcry, penal populism has emerged on the political scene, promising a strong-arm policy. Brazil's main states, National Congress, justice system, and federal government have virtually no serious plans to regulate illicit economies and protect their most vulnerable workers, by redressing violence and inequality, for example. This is one of the purposes of this special issue: to join efforts with those who thematize those issues to seek a new model of justice and law enforcement for Brazil.

Though JIED deals with *illegal markets* as a whole, it is telling that most of the papers in this dossier focus on the drug market. Bordering the world's top producers of plant-based drugs, Brazil is now a major international drug trafficking route, especially for cocaine, as well as a booming market for many drugs. As the paper by Hirata and Grillo points out, the 'drug trade was able to organize the field of popular illegalisms around itself, bringing all other criminal activities to its orbit and overcoding the entire crime market'. However, other markets are quite relevant and often interconnected with drug markets, deeply impacting the country's development. It is also worth noting that regional features affect the dynamics of legal and illegal markets; therefore, they should be studied on their own terms so the phenomenon can be properly understood and public policies can be developed in a consistent manner.

The papers below are presented in three sections. The first contains ethnographies of informal and illicit economies and their connections with different social actors—law enforcement, militias, and factions, but also prominent business people, representatives, and senators. The second section presents empirical research on informal markets, theoretically nonviolent, and on major bank robberies, the lifeblood of criminal factions in Brazil, interpreted in light of the everyday operation of their economies. The third section deals with the state's current responses, with a focus on the dilemmas faced on the institutional level and in the justice system as far as illicit economies are concerned. The engagement of young people affected by violence and comments from two of Brazil's top researchers in the field of illicit markets close this special issue.

The sharp differences between illegal drug markets in São Paulo and Rio de Janeiro are discussed in the paper by **Daniel Hirata** and **Carolina Grillo**. Tapping into the above-mentioned conceptual tradition, from Machado da Silva to Michel Misse, the authors based their analysis on extensive ethnographic research conducted on the outskirts of both cities. That field work shows that what looked the same to external eyes actually implies strikingly different economic, social, and political regulation in Rio de Janeiro and São Paulo. Some parallels are also drawn. The paper makes it clear there should be very different solutions for each case.

The transatlantic scale of the drug trade is the focus of **Corentin Cohen's** pioneering ethnographic research, thoroughly conducted among networks of Nigerian cocaine traffickers in recent years. The paper recounts stories of real people who risk their lives to cross the ocean carrying drugs. On another scale, however, the author puts together the pieces of the puzzle to provide a broad view of the changes in the economy, everyday life, and law enforcement policies on both sides of the Atlantic. The connection between

Brazil and West Africa, scarcely explored in the literature, proves extremely relevant for understanding illicit markets, violence, and law enforcement in both continents.

The São Paulo drug market is discussed in close connection with those papers by **Gabriel Feltran**, who synthesizes his ethnographic study on illicit markets on the outskirts of the city. The social trajectories of a drug dealer and a stolen Toyota Hilux form the main thread of the paper. The interfaces between licit insurance, new car, used car, and auto part markets and illicit markets, such as that of cocaine on the border with Bolivia, are empirically described. The paper discusses the fine line between legal and illegal while showing who profits the most and, therefore, is interested in keeping the operation of illegal markets intact.

**Deborah Fromm** discusses another interface between the legal economy and illegal markets by analyzing the vehicle insurance market in Brazil. Her paper explores the connection between legislative innovations, lobbying, and business disputes and describes their impacts on both legal and illegal business activities. It reveals the points of contact between both fields, not in favelas and urban peripheries, but in large corporations' offices.

Focusing on the contact between legal and illegal as well, the paper by **Marcella Araújo** discusses the everyday connections between public policies, mainly urban policies, and different illegalities—in particular militias and drug traffickers—in the western part of Rio de Janeiro. Engaging in negotiations with different groups routinely for decades, people develop fixed parameters for what they consider normal, desirable, and fair. Once again, the heterogeneity of those local compromises challenges macro-solutions.

One of the leading sociologists in Brazil, **Michel Misse** comments on two of the papers in the section above, based once again on his conceptual framework for interpreting the *social accumulation of violence* in Brazil since the 1970s. The paper provides an excellent opportunity for international readers to grasp the concepts coined by the author in the 1990s and developed to this day in an intense debate with international social theory. It synthesizes the polysemic nature of the notions of *violence*, as a representation, an analytical or descriptive category; of *political merchandise*, flaunted, negotiated, and cultivated by different social actors in Brazil; and of *criminal subjection*. That synthesis reveals the central role of illicit markets, urban histories, and political decisions in the social accumulation of our violence, more than ever an element of the current agenda of Brazilian politics.

**Felipe Rangel** discusses the 'enterprisation' of informal mass-market retailing in the city of São Paulo. That world, which used to project an image of informality, lawlessness and precariousness, has become a big global business. One square meter in a city block dedicated to mass-market stores selling Chinese goods in São Paulo is currently worth much more than the same area in shopping malls selling major brands targeted at global elites. Having monitored a group of mass-market retailers closely, the author demonstrates how informal and illegal markets have been 'gentrified' in recent decades and have become part of the global development narrative.

**Jania Perla de Aquino** describes a nearly two-decade-long research project on an important yet understudied aspect of criminal organizations' activities in Brazil: major bank robberies, particularly in the northern part of the country. Contrary to the prevailing perception of large highly specialized criminal organizations with rigid hierarchies, the author shows how individuals working independently in specific projects have been able to commit Hollywood-style robberies, the largest ever in Brazil. Flexible accumulation can be found in the criminal scene as well.

Based on an institutional analysis, **Leonardo Silva** and **Bruno Langeani** present innovative data on police repression against illicit drugs in the state of São Paulo. Having researched both drug trafficking and drug possession incidents, the authors not only present significant exclusive empirical data on drug seizures in the state of São Paulo, but also make it possible to assess the role of the police and the justice system in their attempt to check the drug market. Each line of the paper shows how mistaken the government's policy against drug trafficking is.

The paper by **Luiz Guilherme Paiva** and **Juliana Carlos** also starts from the state's response to the illicit drug market. The authors discuss the justice system's lack of understanding of how complex that market is, based on a number of Brazilian studies that clearly demonstrate law enforcement agencies and courts focus on the small-scale retail drug trade. Also on the connection between the justice system and the illicit drug market, **Maíra Machado**, **Mariana Amaral**, **Matheus de Barros** and **Ana Clara Melo** explore the STJ's [*Superior Tribunal de Justiça*, or Brazilian Superior Court of Justice] legal treatment of drug trafficking offenses. The authors point out to the severity with which those cases are handled and the manner in which the reasoning behind the court's decisions lead primarily to imprisonment sentences, thus emphasizing the Brazilian justice system' central role in creating overincarceration.

The last two papers show that the Brazilian justice system not only proves unable to interfere in those markets, but also worsens the problem it supposedly intends to manage because it only reaches easily replaceable low-level operators of illegal drug markets.

Representing a group of young people from the communities most affected by the drug war in Rio de Janeiro, **Ana Clara Telles**, **Luna Arouca**, **Raull Santiago** and **Thaynara Santos** describe their promising engagement experience, *Movimentos*, and present their point of view to play a primary role in public debate.

Finally, a comment from one of the leading figures in the debate about illicit economies in Brazil, **Luiz Eduardo Soares**, examines the ongoing discussion about violence, crime, and politics in Brazil in light of the new political landscape created by Jair Bolsonaro's election.

This special issue not only presents a significant sample of Brazilian studies on illicit markets, but also connects social science research with judicial practices to qualify the institutional response to those markets. We hope this second issue of the JIED helps disseminate Brazilian scholars' first-rate work on illicit markets and creates opportunities for international cooperation so that comparative research can be conducted jointly.

We also hope the papers, as well as the ensuing discussions and events, help improve the understanding of illicit markets in Brazil and, consequently, establish public policies focusing on economic development, leading the country to the goal of building a peaceful and inclusive society.

## Acknowledgements

We thank Dr John Collins and Mr Alexander Soderholm, who invited us to this project on behalf of the LSE International Drug Policy Unit and gave us invaluable support throughout the process. This opportunity allowed us to gather a select group of researchers dedicated to illicit markets in Brazil and broaden the reach of Brazilian research. We also thank the authors for their efforts to produce and deliver their excellent papers. In addition, we point out the promptness and quality of Olívia Cappi's and Antonio Carlos da Silva's translation work and thank them for it.

## Competing Interests

LGMP is a federal civil servant at the Brazilian Government. Views are of his own. GSF research is funded by FAPESP (File n° 13/07616-7). Other author has no competing interest.

**How to cite this article:** Paiva, LGM, Feltran, G and Carlos, JO. 2019. Presentation of the Special Issue. *Journal of Illicit Economies and Development*, 2(1), pp. 1-4. DOI: <https://doi.org/10.31389/jied.25>

**Submitted:** 08 April 2019    **Accepted:** 08 April 2019    **Published:** 04 June 2019

**Copyright:** © 2019 The Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC-BY 4.0), which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited. See <http://creativecommons.org/licenses/by/4.0/>.



*Journal of Illicit Economies and Development* is a peer-reviewed open access journal published by LSE Press.

