

RESEARCH

# (Il)licit Economies in Brazil: An Ethnographic Perspective

Gabriel Feltran<sup>1,2</sup>

<sup>1</sup> Sociology Department of UFSCar (Federal University of São Carlos), BR

<sup>2</sup> CEM (Centro de Estudos da Metrópole, or Center for Metropolitan Studies), BR

[gabrielfeltran@gmail.com](mailto:gabrielfeltran@gmail.com)

Illicit economies are an issue of paramount importance and an opportunity for social mobility for millions in Brazil. The literature about them lacks empirical accuracy and less normative interpretive keys. Based on field research conducted between 2005 and 2018, this paper explores two stories: i) that of a young man working for illegal markets in the outskirts of São Paulo; and ii) that of a Toyota Hilux he stole. It adopts an approach centered on a theory of everyday action and focused on the boundary between legal and illegal and its pragmatic social effects. I argue the lack of public regulation of illicit economies has, over the last few decades, prevented their actors from obtaining social rights and started a vicious cycle of violence and reproduction of inequalities on a social level, as well as given rise to criminal populism in the public arena.

**Keywords:** illicit economies; violence; inequalities; São Paulo; Brazil

## Introduction

*“even the empirical in its perfected state might no more replace philosophy as an interpretation, a colouring and an individually selective emphasis of what is real.”*  
(Georg Simmel—*Philosophy of Money*)

This paper is divided into three sections. The first one focuses on the boundary between illicit economies and the legal world by describing the typical life path of a young drug dealer and motorcycle thief from the outskirts of São Paulo, Samuel.<sup>1</sup> By describing that boundary, I show not only the economic permeability, but also the moral, racial, and social demarcation of the illegal world in Brazil. The second section tells the story of a stolen Toyota Hilux to map the illicit car market in Brazil, which feeds formal, informal, and criminal economic niches. It highlights the inequality observed in those worlds. In the last section, I argue the lack of public regulation of illicit economies leads to violence and inequality on a social level, as well as criminal populism on a political level.

However, I start by outlining the theoretical and methodological inspirations of this paper, as well as my arguments against the literature. There are extensive studies on illegal markets across different fields of knowledge—economics, finance, sociology, criminology, law, security, and law enforcement studies. They diverge not only on topics and concepts, but especially on the assumptions of understanding—epistemology. Therefore, the vast majority of them choose to focus their analytical perspective on the State, law and order, so that a strictly economic approach has prevailed for decades (Becker 1968; Masciandaro 2000).<sup>2</sup> The interpretation is often based on the absence; the lack of law and order in ‘weak states’ is believed to favor the

<sup>1</sup> All real names are withheld to protect the identities of my research interlocutors. I thank FAPESP by the support for the long-term research I conduct in CEPID CEM, process number 2013/07616-7.

<sup>2</sup> Wilkinson (2016) also reviews the debate about ‘contested markets’, focusing more closely on fighting them than on understanding them empirically. Criminology and law are undoubtedly the fields with most studies on the topic, but also those in which the State’s and the legal perspective are adopted most frequently. The observations and analyses of the empirical facts are guided by what the law says they ‘should be’.

development of violent illegal markets (Williams 2009). Based on other more inductive perspectives, it is now generally agreed there is a porous border between legal and illegal economies (Telles & Cabanes 2011; Hartnett & Dawdy 2013); a moral, more than an empirical, distinction between them (Misse 2009); and no natural connection between violence and illegal markets (Andreas & Wallman 2009; Naylor 2009). The most recent literature shows significant comparative efforts based on regularities and distinctions typical of a wide range of illegal markets worldwide (Beckert & Dewey 2017).<sup>3</sup>

There has been an intense debate over the last few decades in Brazil, in which illegal economies have been very strong and violent since the 1980s. Even though the social disorganization and broken windows theories have also thrived in the tropics and played a decisive role in punitive policies, a specific current of violence studies has sought to examine the connections between illegal economies, violence, and politics from a situational perspective. Those interpretive efforts focused mainly on the Brazilian context and inductive inference (Zaluar 1985; Machado da Silva 1991; Rabossi 2011; Misse 2010, 2018; Hirata 2018).

Michel Misse, in particular, conducted empirical and documentary research in Rio de Janeiro for decades and synthesized his findings into a conceptual grid extremely useful for other contexts as well. By exploring the genealogy of the economies of marijuana, cocaine, and gambling (*jogo do bicho* [an illegal lottery]) and their political and criminal effects, Misse shows no economy operates without *protection*, and it is in the context of protection that illegality is *converted* into a sort of 'political merchandise' (Misse 2002). It should be noted the analytical focus shifts from the wrongful—or economic—act in itself to the *relationship* between illegal actors and law enforcement bodies in managing illegal economies. That is the game that matters (Whyte 1943). It sets the limits for each player's profits, also based on his ability to resort to violence (Misse 2006, 2018). Thus, the *extortion and bribery market*, which often coexists side by side with illegal economies in many contexts worldwide, is as important as the first. In short, there is a political and administrative game to be deciphered wherever there is an illegal economy.

It took a new generation of ethnographers—although they followed in the footsteps of the previous generation—a long time to realize economic issues<sup>4</sup> play a central role. In the last decade, we have been seeking to understand the political operation of Brazilian factions, mainly the PCC (*Primeiro Comando da Capital*, or First Command of the Capital), Brazil's main criminal organization (Arias 2010, 2016; Biondi 2016; Willis 2017; Feltran 2019.) Those ethnographies focused primarily on those criminal organizations' political and moral dimensions, their strategies to promote extralegal order and justice in prisons and juvenile commitment facilities, and the PCC's role in the fall of over 70% in the number of murders in São Paulo's favelas during the 2000s.<sup>5</sup> However, field research has dealt with the money issue more and more often in recent years as members of the PCC itself started regulating more and more illegal markets at borders, ports, and airports. Different studies have highlighted the cross-border expansion of Brazilian factions and the fact that they employ a variety of tactics (Hirata & Grillo 2017). In the case of the PCC, this is done to standardize the criminal conduct patterns of drug traffickers, arms traffickers, bank robbers, car thieves, smugglers, or participants in any other legal or illegal market working together. Carrying out those business activities separately, PCC members see themselves and each other as equals within the criminal fraternity and are strengthened both in and out of Brazil by implementing security policies.

This paper follows this line of research, theoretically developed in close keeping with the classical sociology of action (Georg Simmel and Max Weber) and the contributions of the empirical turnaround of French pragmatism (e.g., Thevenot 2006; Cefaï 2010). The Chicago and Manchester ethnographies (Anderson 1923; Whyte 1943; Mitchell 1956; Gluckman 1958; Goffman 2006) obviously inspired the attempts to apply analytic induction to situations (Goffman 1952, 1967; Joseph 1998; Blokland 2008; Agier 2009, 2011; Cefaï, ed. 2010; Cefaï & Gardella 2011). In short, the purpose is, once the field experiments have been described, to seek the set of assumptions—form and content—that in the course of the action described ethnographically give it meaning. It is by contrasting those theoretical assumptions, which are collective and socialized, with his or her own assumptions, sometimes identical or sometimes radically different, that the researcher can transcend the level of individual action into that of abstraction, producing comparative inferences step by step.

<sup>3</sup> Perhaps one of the constraints on those attempts is the conceptual autonomy that 'markets' inevitably acquire, thus losing their clear definition and empirical connection with other economies associated with them.

<sup>4</sup> For information about the political aspect of the PCC's organization, refer to Josino (2005), Biondi (2010), Feltran (2011), Dias (2012), Mallart (2013), Godoi (2014), Melo (2015), Padovani (2015), and Marques (2015).

<sup>5</sup> Feltran (2010a, 2011, 2012), Nery et al. (2010), Dias (2012), Manso (2013), Mallart (2013), Silva (2015), and Willis (2015).

## Method

This paper is based on two empirical studies. The first is an ethnographic study I have been conducting individually in the outskirts of the city of São Paulo in intensive periods apart from each other since 1997. In this project, I basically describe the lives of individuals, families, and organizations in the outskirts of the city of São Paulo (Feltran 2010b, 2011, 2019). The material I examined comprises systematic and non-systematic field notes, sequential interviews, and many informal conversations later reported in journals. I have been carrying out this study in a single district in the eastern part of São Paulo since 2005. The first narrative in this paper is centered on this individual experience. It focuses on the life story of Samuel as a typical low-ranking actor of illegal economies and analyzes the effects of his work on the boundary between legal and illegal.

The second source of material presented here is a mainly ethnographic collective multimethod study which I coordinated and which involved seven other researchers.<sup>6</sup> Our method consists in following the social paths of stolen cars ethnographically, as in traditional ethnographies of objects (Knowles 2011). We also used a great deal of newspaper, secondary, and documentary material. That allowed us to map the economy of stolen cars in São Paulo. The second part of the paper, which tells the story of a stolen Toyota Hilux, shows how extensive this economy—both legal and illegal, both local and transnational (Knowles 2014)—is and how it operates.

## The Boundary between Legal and Illegal

Samuel was born and raised in a favela in East São Paulo.<sup>7</sup> On a Tuesday in April 2015, the 15-year-old black boy worked as a seller at a busy corner in the eastern part of town and earned 300 reais. His 12-hour shift ended at midnight, and Samuel went straight home. He found his mother, Ivonete, crying because he was becoming a drug dealer. The next day, Samuel woke up and went straight to the nearest shopping mall, opened in the 2000s, during Lula da Silva's and Dilma Rousseff's administrations (2003–2016), while the economic policy of expanding the low-income consumer market was in place. This policy designed to boost economic growth, to which economists refer as bottom-up economics, continued the state reforms and privatizations Fernando Henrique Cardoso began in the 1990s, and preceded the even more radical liberalism of Michel Temer's and Jair Bolsonaro's administrations.

At the mall, Samuel spent the day's income—which corresponds to 1/3 of the monthly minimum wage of his grandmother, who also lives with them—on a pair of Oakley sunglasses, for which he paid in cash. It was on sale, for only 275 reais (\$72), down from the usual 450 reais (\$117) or more. With the change, he was also able to eat a sandwich at Subway and an ice cream at McDonald's. What had been *dirty* money, obtained by selling drugs illegally, became just money the following day. Samuel paid taxes and honored the global brands he admires: Oakley, Subway, and McDonald's, like so many others. Companies and governments are thankful.

Dirty money, especially from drug dealing, is laundered mainly through *consumption*. Drug dealers' commissions in São Paulo range from 25% to 50% of the amount sold. Marijuana, cocaine, and crack are sold retail almost always by teenagers, prone to compulsive shopping. They do not save the money they receive, which, therefore, goes straight to official economies. Insurance and auctions also serve as legal connections between those economies, which are mutually strengthened, as seen below. There are countless other ways to launder money, and new ones are devised every day.

For economic sociology and anthropology, Samuel's money underwent a qualitative change at that very moment (Zelizer 2011; Neiburg 2007; Guyer 1995, 2004). That qualitative change of Samuel's money, from dirty to clean in seconds, involved no legal problem for the boy or for those who sold him the items. It was not money laundering, but merely shopping. That is what is expected in the global economy, in much of the state's justice system and even in small local businesses, precisely because, on that impersonal level, there is absolutely no concern for the *quality* of Samuel's money, only for the *amount* he has in his pocket (Simmel 1900).

<sup>6</sup> The team is part of the CEM and supported by the FAPESP (*Fundação de Amparo à Pesquisa do Estado de São Paulo*, or The State of São Paulo Research Foundation) (Proceeding 2013/07616-7). I am grateful to Luana Dias Motta, Deborah Fromm, Gregório Zambon, Janaína Maldonado, André de Pieri, Isabela Viana, and Lucas Fernandes. I thank each of my partners for the pleasure of being on this team.

<sup>7</sup> Samuel's real name, as well as parts of his trajectory were withheld for preserving his identity. I had contact with him during my field research between 2005 and 2018.

It is, therefore, clear that Samuel is not the only one making money from illegal markets. Oakley, McDonald's, their franchisees, the mall, and the governments levying consumption taxes also profit from them. On the other hand, some still reject that money. Samuel's mother, my research interlocutor and friend since 2005, has never accepted his money in her household despite a serious lack of means. In fact, Ivonete made her son pack up and leave home in 2016, when she was sure he had already become a drug dealer.

On another April Tuesday, this time in 2017, the teenager was shot in the back by a police officer while trying to escape a routine blockade on an avenue near his home. By then, the police considered Samuel not only a drug dealer, but also a motorcycle thief, and he was on the run. His girlfriend was pregnant, and he recovered from his bullet wound after many days in the hospital. His baby daughter is now 18 months old. Still wanted by the police, Samuel is soon about to be arrested. In contrast, Samuel's dirty money circulates freely. Illicit economies create criminals, and the war between the police and criminals breeds great violence. How can we grasp this boundary between dirty and clean money, licit and illicit economies, so relevant for Ivonete, but so irrelevant for a fast food restaurant from a global chain in a shopping mall? What is Samuel's position in an illicit economy such as that of car thefts in São Paulo?

The key issue seems to be the scale, the depersonalization of money. On a local level, illegal money creates people like Samuel—thieves—and 'urban violence' by perpetuating from generation to generation a vicious cycle of inequality, violence, and poverty (Tilly 1998). Samuel embodies this finding; he comes from a family with many people active in the world of crime, whom I examined thoroughly in another work (Feltran 2019). His mother is keenly aware of the fate of favela dwellers involved in illicit activities. It is the same as Samuel's father's and uncles': jail or death even if they achieve economic success. Outlaws like Samuel spark a public outcry for *repression*, and there are many young black Samuels living in favelas and occupying low positions in illegal markets. They repeatedly go to prison and appear in murder statistics in São Paulo. The day after one of them is arrested or killed, there is another in his place.

However, the same illegal money that takes Samuels to prison boosts certain industries and becomes brands, profit, a global financial market, and economic development, calling for *growth*. Whenever money circulation increases in illegal economies, more jobs are created in their drug, arms, car theft, bribery, fraud, and smuggling businesses. As a result, more opportunities arise to employ other Samuels, who have no access to the formal labor market. Samuel obviously went no further than elementary school and had difficulty completing it. He went to no libraries, speaks no foreign languages, and cannot write easily even in Portuguese.

Even today he supports his daughter with money he makes from illegal economies, mainly by dealing cocaine and by selling motorcycle parts also obtained from thefts in São Paulo, in a small business run by a friend. With the money they obtain by dealing drugs, Samuel and his friend either buy motorcycles legally and illegally to resell them or buy stolen or legally acquired ones to strip for parts.<sup>8</sup> Likewise, major global brands fund national economies, international markets, and even social initiatives, as well as pay lawyers' fees, also with proceeds from illegal economies, among other sources. Illegal businesses are almost always associated with legal enterprises, not least because of the need to launder money. As a result, the boundary between legal and illegal creates, on the one hand, big business people and, on the other hand, petty criminals and major criminal factions.

Driven by criminal populism, governors, presidents, and senators in today's Brazil receive big business people from their states directly in their offices and undertake to devise policies to boost economic growth and create jobs with the country's prosperity in mind. The same governors, presidents, and senators are keen to buy military drones in Israel, have police cars armored, and toughen laws against criminals, who cause so much damage to society. Little do they know—if they know at all—that the money that produces business people produces criminals in Brazil.

### The Story of a Stolen Hilux

Even though he does not sell stolen cars as a routine, Samuel once helped a friend hired to steal a brand-new Toyota Hilux. Four young men from the same favela gathered for the operation. The year was 2016. After the successful theft, they made about 1,000 reais (about \$265 in early March 2019) each. In 2017, 1,159 pickup trucks like that were stolen in Brazil (SUSEP [*Superintendência de Seguros Privados*, or Superintendence of Private Insurance] data, 2019.) The market price of those trucks is about 180,000 reais (\$47,665) and almost

<sup>8</sup> For further details about the economy of stolen vehicles in Brazil, as well as its internal inequalities, refer to Fromm (2019, in this volume).

all the 89,790 similar vehicles in circulation are insured; therefore, insurance companies paid their owners over 200 million reais in compensation for theft alone in 2017. The vast majority of the recipients bought a new car with that money, thus boosting car sales.

Brazil currently has a fleet of 97 million motor vehicles, about 500,000 of which are reported as stolen every year. Only 30% of that fleet is insured, but 80% of all stolen vehicles are covered. Insurance companies estimate 20% of those claims notifications are fraudulent because compensation amounts tend to be higher than used car prices (Fromm 2019, in this volume). In turn, markets estimate about 425,000 vehicles are actually stolen in Brazil each year, a number remaining relatively stable in recent years. Almost half of those crimes occur in the state of São Paulo, the main hub of the illegal vehicle economy in Brazil.

Stolen vehicles quickly leave criminals' hands and become merchandise.<sup>9</sup> Directly or indirectly—and that is a key difference as we will see—they are the starting point of a route that takes them to three major market niches, that is, they may be stripped for parts, resold, or used in drug and arms trafficking. The boys who stole the Hilux in 2016 received 4,000 reais (\$1,060) to deliver it to a fence—the owner or manager of a chop shop, a mechanic's garage, a junkyard, or an auto parts store. How many of those establishments are there in Brazilian cities? One on each corner?

The *direct* route to those market niches starts with the very groups that steal vehicles and deliver them to fences. Half of the vehicles stolen in the state of São Paulo go to fences' hands and completely disappear from radars, tracking devices, law enforcement, or insurance companies (Feltran & Horta 2018). In general, fences are people both thieves and the police know. They may either hire young men to boost any cars or motorcycles they may need, or occasionally receive stolen vehicles they have not requested. In other words, criminals may have vehicles stolen to strip them for parts, to reassemble and resell them, or to send them to the Bolivian or the Paraguayan border. In addition, thieves may steal a given car on their own initiative due to its appeal or price, or because there is a window of opportunity. In those cases, insurance companies lose the entire compensation amount, less the insurance premiums paid. If the insurance rate for a Hilux stolen in São Paulo cost 8,000 reais (\$2,120, the average rate) and the car were never recovered, the insurance company would lose 192,000 reais (\$50,872) due to the theft.

However, the other half of all cars stolen in the state of São Paulo are found. The *indirect* route to those markets is taken when thieves—mainly inexperienced ones like Samuel at that time—steal a car just to go on a weekend joyride, keep whatever they find in it, drive around the city, or even use in their everyday lives. This activity, known as *take and drive*, is common in other countries. Both experienced and inexperienced thieves may also steal cars for an immediate purpose: to run away from the police or use them to commit other crimes after quick procedures such as changing license plates. They abandon those cars shortly afterwards.

### ***Insurance and auctions***

Those cars and motorcycles are then found by the police after remaining parked somewhere for a few days. Only 20% of those not covered by insurance are returned to their owners; 80% of them become insurance companies' property once the time limit for paying compensation elapses, which occurs very often. Insurance companies then have a few options to make money on those vehicles to minimize their losses. The first one is to auction them. There is a law allowing insurance companies to put recovered stolen cars up for auction, with very strict terms about auctioneers.

The auction price of a stolen vehicle usually ranges between 70% and 90% of its list price. Therefore, the insurance company's expense on the Hilux stolen in São Paulo would be between 10% and 30% of the compensation amount paid. If it is auctioned for 160,000 reais (\$42,400), the company will lose the difference between that amount and the list price, less the insurance premiums paid, that is, 36,000 reais (\$9,540)—and not 196,000 reais (\$51,935), as it would if the pickup truck were not recovered. Considering the auctioneer's fee and other costs, such as towing and paperwork, the expenses can total 50,000 reais (\$13,250). Recovering stolen cars is, therefore, a big business for insurance companies, which invest heavily in technology, tracking devices, recovery teams, management, and law enforcement relations for that purpose.

However, there are other ways in which an insurance company can not only minimize losses, but also make money on recovered stolen vehicles. For example, it can auction them itself—by hiring private auctioneers as required by law—or send them to its own chop shops and car dealers. Major insurance companies either have

<sup>9</sup> Argentinian sociologists have also studied stolen car markets within a fruitful theoretical perspective, though without in-depth empirical research (Dewey 2012; Rodríguez 2012).

had or have been considering having their own chop shops for a few years. In fact, they have been lobbying aggressively for that (Fromm 2019, in this volume). In Brazil, a disassembled vehicle sold for parts brings in about three times as much as the vehicle's actual resale price on average. Consequently, a Hilux costing 192,000 reais (\$50,872) for an insurance company can generate up to 584,000 reais (\$155,000) in revenue if it is recovered and its main parts are sold.

In addition, the more completely disassembled the vehicle, the greater the price of each part. An entire car costs much less than the combined price of its parts just as a new engine costs far less than the sum of the individual price of its parts. The engine alone of a car like the Hilux can cost as much as two economy cars in the legal market. All dealers keep their prices secret either because there is always uncertainty about the physical condition, origin, and guarantee of their products or because they are in an extremely competitive market. In fact, information is crucial, and confidentiality plays a key role in those markets.

When seeking auction services, another heavily regulated and very poorly known billion-dollar market, insurance companies or governments must hire private auctioneers. It should be noted many of those professionals make a living from auctioning stolen cars. Private or commercial buyers benefit from the discount given due to the theft to make a profit of about 2% to 5% on each auctioned car. Furthermore, they can also work in partnership with more structured car dealers, which increase their profits by selling on credit, in never-ending installments and at high interest rates. Financialization is obviously an integral part of this market, and actors from the credit industry also profit from it. Therefore, the owner of a car dealership makes a profit of at least 10,000 reais (\$2,650) on a Toyota Hilux purchased at auction or much more depending on the terms and conditions of sale. The auctioneer receives about 5% of the vehicle's auction price as well, or also about 10,000 reais in that case.

Thus, car dealership owners and auctioneers make ten times more than Samuel, who helped steal the Hilux. The vehicle was stolen in forty seconds. In my field research, I have seen an equal Hilux sold in thirty seconds at an auction in São Paulo. Samuel's crime does not pay for him—who will be arrested sooner or later and whose life will be ruined if he continues his life of crime—nor for urban order, and much less for the victim and his or her family. However, his crime did pay—and handsomely—for all other actors who, acting within the law, made a great deal of money on that car.

The businesses of stripping cars for parts and reselling cars do use stolen vehicles, which are, however, purchased legally at auctions. Insurance companies, auctioneers, car dealerships, and chop shops could all manage without stolen vehicles, but since 425,000 of them can be brought into their supply chains per year in Brazil, why not? Upper-, middle-, and lower-class business people are interested in the money coming from those economies. The same goes for business people associated with the PCC. In this case, they profit both from their contacts with boys who can bring them cars for low prices and from long-time connections with corrupt police schemes, which allow them to conduct transactions securely.

### ***Borders***

After being auctioned, a Toyota Hilux can also be taken to Brazil's borders with Bolivia and Paraguay. I have been there twice for one week each time to do field research. That type of vehicle is exchanged for 5–7 kg (11–15.5 pounds) of cocaine paste in the area of Cáceres, in the state of Mato Grosso. A brand-new motorcycle and a passenger car are usually exchanged respectively for 1 kg (2.2 pounds) and 1–3 kg (2.2–6.6 pounds) of cocaine paste, sold for about \$2,600 a kilogram on the Bolivian border. That would be a very bad deal for ordinary sellers.

However, it is an excellent deal for those obtaining it from theft and paying only 4,500 reais (\$1,192) to the thieves, plus 5,000–10,000 reais (\$1,325–\$2,650) for someone to take the car to the border. Still, it is not as good a deal as it could be with more criminal contacts and skills.

The deal is really attractive if the seller is also familiar with the inner workings of the local retail drug trade. Factions like the PCC obviously benefit greatly if that is widely known across its networks. My interlocutors in my field research in São Paulo's favelas, which usually receive cocaine from Bolivia, explained a kilogram of cocaine paste sold retail brings in about 50,000–60,000 reais (\$13,242–\$15,890). As a result, an investment of 10,000 reais (\$2,650) can yield a gross amount of 60,000 reais (\$15,890) in a short time, without considering the high sales commissions that have to be paid. It is still not bad for someone who would otherwise earn a minimum wage in the labor market.

However, those who manage to exchange a stolen car for kilograms of cocaine paste or even pure cocaine make a much lower initial investment and reap a far greater profit. The stolen Hilux, which required an investment of 10,000–15,000 reais (\$2,650–\$3,973), allowed the person who commissioned the crime to

obtain 6 kg (13.2 pounds) of cocaine paste, which, once treated, mixed with many other substances and sold retail, can yield up to 360,000 reais (\$95,350). That is a lot of money, which explains why so many cars are stolen and the drug trade is so active.

What other business or investment would be so profitable? Exporting this drug, for example. Some interlocutors claim 1 kg of cocaine is worth the same 60,000 reais (\$15,890), about €13,000, in the Port of Santos. However, no preparation and no commission payments to *vapores* and *gerentes*, retail drug dealers, are needed in this case. Commissions are high in the São Paulo drug trade, between 20% and 50% of the total. Without paying them, drug traffickers make a much greater profit since they pay only for transportation—by helicopter, plane, truck, pickup truck, or car. Drug traffickers pay employees in many other ports and airports in Brazil to make it easier for drugs to be carried in carry-on or checked luggage and parcels. Secret criminal organizations and factions, be it the PCC or any other, talk internally about those contacts and their manner of operation, as well as business difficulties and opportunities. Nevertheless, the PCC is the only one that does not require the members of its mutual support networks to share a portion of their profits with the organization, as we have seen. That is why it has been able to expand so widely.

From Santos, drugs go to Africa, Europe, the Middle East, and who knows where else. Sold retail, they bring in €70,000–€100,000 (\$79,306–\$113,302), an average of 380,000 reais (\$100,652) *a kilogram*. Therefore, that pickup truck, which each armed teenager received 900 reais (\$240) to steal and which made it possible to obtain 6 kg of cocaine paste at the border, can initiate a series of transactions totaling up to 2 million reais (\$529,770). The market value of the Toyota Hilux, already very high—200,000 reais (\$52,975)—in Brazil, soars tenfold in the car theft market and in the international drug trade. No less than 1,149 Toyota Hilux were stolen in Brazil in 2017 alone, considering just one car model among all others.

Would it be possible to make even more money with that pickup truck? Of course, it would, as always. All it takes is associate the route taken by the car with the import or export of weapons—such as automatic pistols, rifles, or machine guns—acquired legally or illegally in Paraguay and smuggled into Brazil. Compared with those who work on this scale, the boys who stole the Hilux in São Paulo are neither thieves, nor tricksters. They are nothing but the gateway to a frighteningly large money-making machine connected internationally in 2019.

This exchange of motor vehicles for drugs and weapons on Brazil's borders with Paraguay and Bolivia is targeted by politicians, national control officers, and whoever is interested in security issues. However, as we have seen, those transactions actually deliver much greater profits than stripping stolen cars for parts or reselling them, or even trafficking drugs only. With no regulation, all the repression in the world can be deployed against small-scale actors, yet there will always be others interested in those activities. That is why advocating more imprisonment and more police against the Samuels from the world of crime may sound like a good policy in Latin America, but it is not. It would be better to regulate those economies, offer their actors social rights, thus reducing social conflict and removing them from illegality, which is—at least partly—what makes them so profitable and so violent. However, we are no longer in the 20th century, in which all that was a political project, not a dream.

## Closing Remarks

Whenever marijuana or cocaine is seized in Brazil, the cargo must be destroyed to prevent it from being resold, which is considered harmful to society; after all, marijuana and cocaine are drugs. Seized vehicles and weapons are like gold. They fuel major economies comprising a mechanism that breeds inequality. The auctioneer makes 10,000 reais (\$2,650) from the Hilux stolen by Samuel and auctions a hundred cars a day. The police officer exchanging fire with the thief earns 3,000–4,000 (\$795–\$1,060) a month. The thief steals one or two cars a week and makes 1,000 reais (\$265) from each one, often complementing his income from drug dealing and informal sector jobs, as did Samuel. A worker with the same qualifications as the thief stealing the Hilux works the entire month to earn 980 reais (\$260). The lowest-ranking actors in the chain receive punishment for wages, instead of social rights. In contrast, the highest-ranking actors become themselves legislators or governing authorities.

How can we determine where an illegal market begins if it is certain that empirically a 15-year-old boy can earn 300 reais (\$80) by selling cocaine and immediately buy a pair of Nikes in cash at the mall near his home? His 'dirty' money from the drug trade becomes 'clean' money in the formal economy, with consumption taxes paid, in minutes. Likewise, but on another scale, a coffee container (with hundreds of kilograms of cocaine as overweight) can be shipped from the Port of Santos to Europe and bring in foreign exchange unofficially—paid in cash—to buy, for 4 million reais (\$1,059,520), a farm on the Bolivian border, and a

brand-new Toyota SW4, among other items. There are countless means to launder money, all of which are already well-known, in both domestic and international transactions, including: bitcoins, fake invoices issued by hotels, gas stations, or car dealerships, as well as very expensive jewelry and works of art, or even soccer players and investments from multinational churches. 'Dirty' money becomes 'clean' money. Therefore, there is no point at which an illegal market ends and a legal market begins, in analytical terms, when money is considered a mediating object to study. Both markets are connected directly through consumption or indirectly through other markets (money laundering, but also auctions and insurance, all legally organized). Monetary economy connects legal and illegal markets.

In default of public regulation and in view of the high profits it yields, this mechanism, which creates inequality and in which money circulates, also breeds violence, in this case understood as the use of force, mainly with guns, focused entirely on the interaction between thieves, victims, and police officers, all of which are paradoxically on the same side—the weakest—in this business chain. This violence also reaches auctioneers, car dealers, or automakers, which sell new cars bought with insurance compensation money, as threatened or actual robberies. However, it is much more extreme among young people like Samuel. Data about homicides in São Paulo are clear: 59% of the people killed by the police were involved in carjackings or car thefts (Silva 2019), and over 70% are black youth living in the outskirts of big cities and occupying low positions in illegal markets.

### Competing Interests

The author has no competing interests to declare.

### References

- Agier, M.** 2009. Esquisses d'une anthropologie de la ville. Lieux, situations, mouvements. Louvain-la-Neuve, Academia-Bruylant (« Anthropologie prospective » 5).
- Agier, M.** 2011. Le Couloir des exilés. Être étranger dans un monde commun. Bellecombe-en-Bauges, Éd. du Croquant.
- Anderson, N.** 1923. *The hobo: The sociology of the homeless man*. Chicago: University of Chicago Press.
- Andreas, P** and **Wallman, J.** 2009. Illicit markets and violence: What is the relationship? *Crime Law and Social Change*, 52(3): 225–229. DOI: <https://doi.org/10.1007/s10611-009-9200-6>
- Arias, ED** and **Barnes, N.** 2016. Crime and plural orders in Rio de Janeiro Brazil. *Current Sociology*, 65(3): 448–465. DOI: <https://doi.org/10.1177/0011392116667165>
- Arias, ED** and **Goldstein, DM.** 2010. Violent pluralism: Understanding the new democracies of Latin America. In: Arias, ED and Goldstein, DM (eds.), *Violent democracies in Latin America*. Durham, NC: Duke University. pp. 1–34. DOI: <https://doi.org/10.1215/9780822392033-001>
- Becker, GS.** 1968. Crime and punishment: An economic approach. *Journal of Political Economy*, 76: 526–36. DOI: <https://doi.org/10.1086/259394>
- Beckert, J** and **Dewey, M.** 2017. *The architecture of illegal markets: Towards an economic sociology of illegality in the economy*. Oxford: Oxford University Press, p. 336. DOI: <https://doi.org/10.1093/oso/9780198794974.001.0001>
- Biondi, K.** 2010. *Junto e Misturado: Uma etnografia do PCC*. São Paulo: Terceiro Nome/Fapesp.
- Biondi, K.** 2016. *Sharing this walk: An ethnography of prison life and the PCC in Brazil*. The University of North Carolina Press. DOI: <https://doi.org/10.5149/northcarolina/9781469623405.001.0001>
- Blokland, T.** 2008. Facing violence: Everyday risks in an American housing project. *Sociology*, 42(4): 601–617. DOI: <https://doi.org/10.1177/0038038508091617>
- Cefaï, D.** (ed.) 2010. *L'Engagement ethnographique*. Paris, Éd. de l'EHESS.
- Cefaï, D** and **Gardella, E.** (eds.) 2011. *L'Urgence sociale en action. Ethnographie du Samu social de Paris*. Paris, La Découverte (« Textes à l'appui. Série Bibliothèque du MAUSS »). DOI: <https://doi.org/10.3917/empa.084.0018>
- Dewey, M.** 2012. Illegal Police Protection and the Market for Stolen Vehicles in Buenos Aires. *Journal of Latin American Studies*, 44(4): 679–702. DOI: <https://doi.org/10.1017/S0022216X12000831>
- Feltran, GS.** 2010a. Crime e castigo na cidade: Os repertórios da justiça e a questão do homicídio nas periferias de São Paulo. *Cadernos CRH* 23: 59–73. DOI: <https://doi.org/10.1590/S0103-49792010000100005>
- Feltran, GS.** 2010b. Periferias, direito e diferença: Notas de uma etnografia urbana. *Revista de Antropologia*, 53(2): 565–610.
- Feltran, GS.** 2011. Fronteiras de tensão. Política e violência nas periferias de São Paulo. São Paulo, Ed. UNESP/CEM.

- Feltran, GS.** 2012. Governo que produz crime, crime que produz governo: O dispositivo de gestão do homicídio em São Paulo (1992–2011). *Revista Brasileira de Segurança Pública*, 6(2): 232–255.
- Feltran, GS.** 2019. *Entangled city*. Manchester University Press (forthcoming).
- Feltran, G** and **Horta, F.** 2018. Drogas, carros, seguros: negócios articulados. In: Labate, BC and Rodrigues, T (orgs), *Política de Drogas no Brasil: Conflitos e Alternativas*. Campinas: Mercado de Letras; São Paulo, Núcleo Interdisciplinares de Estudos sobre Psicoativos (NEIP).
- Gluckman, M.** 1958. *Analysis of a Social Situation in Modern Zululand*. Manchester, Manchester University Press.
- Goffman, E.** 1952. On cooling the mark out: Some aspects of adaptation to failure. *Psychiatry*, 15(4): 451–463. DOI: <https://doi.org/10.1080/00332747.1952.11022896>
- Goffman, E.** 1967. *Interaction Ritual. Essays on Face-to-Face Behavior*. Garden City: Anchor Books.
- Guyer, J.** (ed.) 1995. *Money matters. Instability, values and social payments in the modern history of West African communities*. Heinemann. p. 313.
- Guyer, J.** 2004. *Marginal gains: Monetary transactions in Atlantic Africa*. Chicago, IL: University of Chicago Press. p. 207.
- Hartnett, A** and **Dawdy, SL.** 2013. The archaeology of illegal and illicit economies. *Annual Review of Anthropology*. 42: 37–51. DOI: <https://doi.org/10.1146/annurev-anthro-092412-155452>
- Hirata, DV.** 2018. Sobreviver na adversidade: Mercado e formas de vida. EdUFSCar. p. 258.
- Hirata, DV** and **Grillo, C.** 2017. Sintonia e amizade entre patrões e donos de morro: Perspectivas comparativas entre o comércio varejista de drogas em São Paulo e no Rio de Janeiro. *Tempo soc.* [online]. 29(2): 75–98. DOI: <https://doi.org/10.11606/0103-2070.ts.2017.125494>
- Joseph, I.** 1998. La Ville sans qualités. Paris, Éd. de l'Aube (« Monde en cours. Société »). p. 192.
- Knowles, C.** 2014. *Flip-flop: A journey through globalisation's backroads*. London: Pluto Press. p. 217. DOI: <https://doi.org/10.2307/j.ctt183p50x>
- Marques, VA.** 2015. *Fé & Crime: Evangélicos e PCC nas periferias de São Paulo*. São Paulo: Fonte Editorial.
- Masciandaro, D.** 2000. Illegal sector, money laundering and legal economy: A macroeconomics analysis. *Journal of Financial Crime*, 8: 103–112. DOI: <https://doi.org/10.1108/eb025972>
- Melo, FAL.** 2015. *As prisões de São Paulo: Dinâmicas, fluxos e as implicações nas trajetórias de egressos prisionais: Uma perspectiva a partir do monitor preso de educação*. São Paulo: Alameda.
- Misse, M.** 2002. Rio como bazar: A conversão da ilegalidade em mercadoria política. *Insight Inteligência*, 3. pp. 12–16.
- Misse, M.** 2006. *Crime e violência no Brasil contemporâneo: Estudos de sociologia do crime e da violência urbana*. Rio de Janeiro: Lumen Juris. p. 308.
- Misse, M.** 2009. El delito como parte del mercado ilegal: Violencia, mercancía política y narcotráfico en Rio de Janeiro. In: Stanley, R. (dir.). *Estado, violencia y ciudadanía en América Latina*. Madrid: Entimem. p. 350.
- Misse, M.** 2010. Crime, sujeito e sujeição criminal: Aspectos de uma contribuição analítica sobre a categoria 'bandido'. *Lua Nova*, n.º 79, pp. 15–38, São Paulo: CEDEC. DOI: <https://doi.org/10.1590/S0102-64452010000100003>
- Misse, M.** 2018. Violence, criminal subjection and political merchandise in Brazil: An overview from Rio. *International Journal of Criminology and Sociology*. 7, pp. 135–148. DOI: <https://doi.org/10.6000/1929-4409.2018.07.09>
- Mitchell, JC.** 1956. *The Kalela Dance. Aspects of social relationships among urban Africans in Northern Rhodesia*. Manchester, Manchester University Press. p. 52.
- Neiburg, F.** 2007. As moedas doentes, os números públicos e a antropologia do dinheiro. *Mana*, 13(1): 119–151. DOI: <https://doi.org/10.1590/S0104-93132007000100005>
- Padovani, N.** 2015. Sobre casos e casamentos: afetos e “amores” através de penitenciárias femininas em São Paulo e Barcelona. Unicamp. Tese de doutorado em Antropologia Social.
- Rabossi, F.** 2011. Negociações, associações e monopólios: A política da rua em Ciudad del Este (Paraguai). *Etnográfica* (Lisboa), 15: 83–107. DOI: <https://doi.org/10.4000/etnografica.814>
- Silva, EC.** 2019. Relatório para a pesquisa Carros e Valor em São Paulo, 2019 (mimeo).
- Simmel, G.** [1900] 1990. *Philosophy of Money*. London: Routledge.
- SUSEP.** 2019. Available at [http://www2.susep.gov.br/menuestatistica/RankRoubo/resp\\_menu1.asp](http://www2.susep.gov.br/menuestatistica/RankRoubo/resp_menu1.asp). Acesso em 20/2/2019.
- Thévenot, L.** 2006. *L'action au pluriel: Sociologie des régimes d'engagement*. Paris: La Découverte. p. 245.
- Tilly, C.** 1998. *Durable inequality*. Berkeley and Los Angeles: University of California Press. p. 299.
- Whyte, WF.** [1943] 2005. *Sociedade de Esquina*. Rio de Janeiro: Jorge Zahar Editor. p. 382.

- Wilkinson, J.** 2016. Contested markets: An overview. *Antropolítica Revista UFF*, 41. DOI: <https://doi.org/10.22409/antropolitica2016.0i41.a487>
- Williams, P.** 2009. Illicit markets, weak states and violence: Iraq and Mexico. *Crime, Law and Social Change*, 52(3): 323–336. DOI: <https://doi.org/10.1007/s10611-009-9194-0>
- Willis, GD.** 2015. The killing consensus: Police, organized crime, and the regulation of life and death in urban Brazil. London: University of California Press. p. 192. DOI: <https://doi.org/10.1525/california/9780520285705.003.0006>
- Zaluar, A.** 1985. *A máquina e a revolta*. 1a ed., São Paulo: Brasiliense. p. 237.
- Zelizer, V.** 2011. *Economic lives: How culture shapes the economy*. Princeton, NJ: Princeton University Press. 478p. DOI: <https://doi.org/10.23943/princeton/9780691139364.001.0001>

**How to cite this article:** Feltran, G. 2019. (Il)licit Economies in Brazil: An Ethnographic Perspective. *Journal of Illicit Economies and Development*, 1(2), pp. 145–154. DOI: <https://doi.org/10.31389/jied.28>

**Submitted:** 10 October 2018    **Accepted:** 08 March 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.

**OPEN ACCESS** The Open Access icon, which is a stylized 'A' inside a circle.