

REVIEW

Heterogeneity of Illegal Markets: A Book Review Essay

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Literature on the economic-sociology of illegal markets is progressing convincingly, as scholars identify the need to investigate illegality through the perspective of the market, as well as through the perspective of the actor. In this book review essay, two recent publications are reflected upon: *The Architecture of Illegal Markets: Towards an Economic Sociology of Illegality in the Economy* (Beckert and Dewey, 2017) and *Illegal Markets, Violence, and Inequality: Evidence from a Brazilian Metropolis* (Daudelin and Ratton, 2018). While the books undertake a different journey through the field of illegal markets, they reach the same theoretical destination, concluding that illegal markets are not homogenous and cannot be boxed into preconceived generalisations.

Keywords: Illegal markets; drug markets; Brazil; violence; drug policy

Beckert, J. and Dewey, M. 2017. *The architecture of illegal markets: Towards an economic sociology of illegality in the economy*. Oxford: Oxford University Press.

Daudelin, J. and Ratton, J. 2018. *Illegal Markets, Violence, and Inequality: Evidence from a Brazilian Metropolis*. Basingstoke: Palgrave Macmillan.

Illegal markets are not homogenous, but nor are they so unique they are incomparable between one another or with legal markets. While the following books undertake a different journey through the field of illegal markets, they reach the same theoretical destination, concluding that illegal markets are not homogenous and cannot be boxed into preconceived generalisations. In their edited book, Beckert and Dewey approach this by exploring the porosity of the boundary between illegality and legality, positing that the boundary is much more porous than many believe. Alternatively, Daudelin and Ratton approach the concept by tackling the preconception that illegal drug markets are inherently violent, showing that market dynamics and the context to illegal drug markets are paramount to understanding levels of violence.

The most pronounced difference between the two books is the level or scope of analysis used to unpack the concept of illegal markets. Daudelin and Ratton take the micro approach, focusing on one case study throughout the book. Examining the discrepancies found within illegal markets, they focus on the illegal drugs trade in Recife, the fourth largest metropolitan area in northeastern Brazil. Beckert and Dewey's edited book takes an alternative approach. As a collection of fourteen essays, a macro approach is taken in which a variety of illegal markets, both geographically and contextually comprehensive, are reflected upon. Their approach appreciates the complexity of illegal markets, for which only a variety of scholars, from economists to sociologists to historians, with different viewpoints and academic backgrounds can unpack.

Jens Beckert and Matías Dewey seek to explore the underappreciated issue of illegality in markets, contending that the boundary between legality and illegality is more porous than many appreciate. It is noted that while illegal market transactions can be found everywhere, from street food vendors in Vietnam to insider traders on Wall Street, 'the field of economic sociology remains almost silent' (Beckert & Dewey 2018: 1) on the issue.

The book title's play on Neil Fligstein's book *The Architecture of Markets* (2001) demonstrates the authors' intention to make connections between previous economic-sociological scholarship and illegal markets. Taking Fligstein's work, the authors want to represent the importance of the organisation or architecture

of the market to the nature and character of the market. While differences remain between illegal and legal markets, most importantly due to the fact that the state does not provide a regulatory function, the idea that the architecture of the market impacts its nature still stands. Quite rightly, the authors identify the need to investigate illegality through the perspective of the market, as well as through the perspective of the actor, most often that of the organised criminal. What is meant by this is that, as well as illegality being dictated by the forces of human behaviour, such as criminal opportunity theory (Wilcox, Land & Hunt 2002) in which actors are drawn to illegality due to favourable rewards versus risks, the nature of illegality can also be dictated by the nature of the market such illegality sits within, or relates to.

After a general introduction, in which the lack of interest by economic-sociologists in illegal markets is unpacked, the book's fourteen core essays are organised into five sections. The first, entitled 'Conceptualising Illegal Markets' (Renate Mayntz), introduces the conceptual challenges that will be found throughout the book. The second, entitled 'Secrecy and Illegal Markets', shows how an illegal transaction can be converted into a legal one. Broken down into four sub-sections, the chapter touches on the market for illegal organs (Philippe Steiner), the antiquities (Simon Mackenzie and Donna Yates), stolen data (Meltem Odabaş, Thomas Holt, and Ronald Breiger) and the offshoring of crime (Ronen Palan). Importantly, all four of these illegal markets have different transitions from illegality to legality, for example the use of escrow sellers in the market for stolen data and the 'washing' of antiquities to disconnect the stolen good from its origin (Mackenzie & Yates: 82). The third section, entitled 'The State in Informal Market Places', reflects on the role of the state in illegal markets. Focusing on the La Salada market for counterfeit clothing in Buenos Aires, Argentina (Matías Dewey) and the Lào Cai market on the Vietnam border with China (Kirsten Endres), the section explores some similar themes to the last section, particularly the importance of trust. In the previous section, a trustworthy escrow is needed to sell stolen data, while in Vietnam, a more informal solution is offered in which the illegal product sellers' 'face is the warranty' (Endres: 150). The fourth section, entitled 'Shifting Definitions of Illegality', explores the historical construction of definitions of illegality, building on the porosity and subjectivity of illegality. For example, Vadim Radaev reflects on the evolving legal character of alcohol in Russia, tracking the illegal alcohol market with relation to the legality of alcohol, while marijuana buyers' clubs (Cyrus Dioun) and the markets for rhino horn (Annette Hübschle) and diamonds (Nina Engwicht) are also examined. The fifth and final section, entitled 'Illegal Practices in Legal Markets', adds to the porosity between legal and illegal markets by exploring the darker sides of legal markets. Examining sports doping in Italy (Letizia Paoli and Victoria Greenfield), the illegal pricing of living costs in Mauritania and Guadeloupe (Boris Samuel) and the manipulation of prices within financial markets (Robert Tillman), the authors 'pull back the magic curtain and show us how the legal can be rendered illegal' (Anteby 2018: 42).

Perceiving their scholarship to be a pioneering piece of work exploring the area of economic-sociology of illegal markets, the authors note how this volume cannot be more than a start' (Beckert & Dewey 2017: 27). Thus, the authors appreciate its flawed nature and that it, as a result of its breadth, cannot justly examine every aspect of illegal markets. The authors go on to state that the edition will have succeeded if it encourages more social scientists to research the economic-sociology of illegal markets. However, here, the authors exaggerate, or unknowingly misjudge, the uniqueness of their research. Authors such as Reuter (1990; Reuter & Pollack 2012) and Passas (Passas & Goodwin 2004; Passas, Hsu & Li 2012) have explored the confluence of economics, sociology and illegality in the past, albeit without the 'economic-sociology of illegal markets' label. Moreover, despite this humble playing down of the book's ambitions, it overextends itself at times with breadth taking away from the quality of analysis. Taking part two, *Secrecy and Illegal Markets*, as an example, the section's four diverse chapters dilute the section's theoretical message: the importance of secrecy for the success of illegal markets. Particularly, with chapter four on the grey market for antiquities and chapter six on the use of offshore bank accounts being overwhelmingly descriptive, the book may have benefitted from focusing its efforts, and theoretical analysis, on the other two more analytical chapters on illegal organ transplants and stolen data. Moreover, many chapters within the book are disjointed with their sections' overarching message. Continuing to use the example of part two, *Secrecy and Illegal Markets*, while the section reflects on the importance of secrecy to the effectiveness of illegal markets, chapter four on the grey market for antiquities does not reflect on secrecy but uncertainty, scepticism and 'greyness' in the ownership of cultural property, two very different concepts indeed.

Furthermore, rather than limiting the book's purpose to the exploration of the porosity of legality and illegality, they could have reflected upon elements unique to illegal markets. This would not have been a big jump for the book as there were some clear, albeit unidentified, trends throughout the essays. For example, trust was consistently referred to as an important function of illegal markets, particularly with relation to the use of intermediaries in illegal market transactions. With escrow sellers allowing for the sale of stolen data,

border delivery services operating between Vietnam and China, and buyers' clubs helping to disseminate marijuana, intermediaries are consistently found across illegal markets.

Championed by Jean Daudelin, Carleton University, Canada, and José Luiz Ratton, Federal University of Pernambuco, Recife, Brazil, the book challenges the assumption that Latin American countries are so violent due to the illegal nature of drug markets. Instead of focusing on the relationship between the illegality of drug markets and violence, the authors contend that the wider socio-economic context of specific drug markets are more important, particularly the inequality that exists within Recife.

After a contextual introduction to Recife, the fourth largest metropolitan area in northeastern Brazil on which the book is focused, the authors commence their systematic analysis of the two main drug trades in the city. In the first section of the book, entitled 'Islands of Peace: Middle Class Drug Markets', the authors open by reflecting on the segregated nature of the city's drug market, noting that the wealthy middle class consumers and dealers rarely mix with the poor ones. Going into more detail on the middle class market, it is found that despite their brutally violent surroundings, the middle class drug trade is an 'island of peace', without violence or violent confrontation. Moving onto why this is the case, the authors refer to three key reasons. Firstly, the closed and covert nature of the market, using terms that are often mistaken as synonyms, means that not only is the market closed off to those without personal social connections, but also it is conducted in private. As a result, violence is substituted by other forms of punishment, for example social shunning if a debt is not paid. Secondly, the consumption of drugs for purely recreational purposes, as opposed to dependence related to harder drugs, discourages police attention. Finally, the police in Recife heavily punishes violence but leaves trafficking and consumption undisturbed, further decreasing the cycle of violence in middle class circles.

In the second section of the book, entitled 'Crack: Mechanisms of a Dysfunctional Illegal Market', the authors move onto the other side of the drug trade in Recife, the crack market. Offering a description of the contrasting market within the city, Recife's intensely competitive crack market is explored in which extreme levels of violence are found due to certain market conditions. Crucially, the market dynamics of hard drug dependence, high levels of poverty leading to debt and subsequent petty crime, confounded by intense supply side competition, has led to a situation of violence and high homicide rates.

In the third section of the book, entitled 'Inequality and Deterrence in Recife: The Rise and Fall of the "Pact for Life"', inequality within Recife's security policy is reflected upon, in which the illegal drug trade is found to be riskier for some, in the middle class trade, than others, in the crack trade. The 'Pact for Life' was a security policy rolled out in Recife between 2007 and 2013, in which enhanced resources and more effective monitored policing led to a 55% decrease in homicide rates. This chapter concludes by reflecting on the implications of this for the 'democratization of security policy' (Ibid.: 197), as the pact of life is understood to make security policy more democratic.

Answering the 'so what' question that invariably comes up during descriptive scholarship, the authors reflect on what this means for understandings of illegal markets. Crucially, this shows that illegality in itself, in this case the illegal drug market, does not systematically lead to violence. 'Prohibition per se cannot be said to cause some kind of generic "drug violence", even in contexts where crime is rife and overall violence levels extreme' (Ibid.: 46) One needs to look at different mechanisms on each drug market to identify characteristics that may lead to violence, rather than resting on general assumptions. Thus, the authors effectively link the empirical case of the illegal drugs trade in Recife with their theoretical analysis that illegal drug markets are not instinctively violent.

However, their scholarship becomes disjointed in the fourth chapter as they bring in the 'Pact for Life'. While the first two thirds of the book focuses on deconstructing the consensus that illegal drug markets are by nature violent, the authors' theoretical crusade makes a drastic turn in the final chapter, focusing on the 'democratization of security policy' (Ibid.: 198). Although this is an important topic, reflecting on the non-democratic unequal nature of Recife's anti-drug policing, the theory is only presented in the last few paragraphs of the section. After engaging with such a salient topic, one would have hoped they would have put more time into expanding this point, bring in wider scholarship on the security policy (Wolff 2017) or linking the undemocratic nature of security policy with the complexity of violence, or nonviolence, within Recife's illegal drugs trade.

In conclusion, the two books have presented important contributions to the understanding of the complex nature of illegal markets. The importance of comparing two seemingly contrasting books is that, aside from the two books' contemporary originality in which the heterogeneous nature of illegal markets is appreciated, such comparison allows for the wider trends in economic sociology to be identified and reflected upon. Daudelin and Ratton approach the topic on a more micro level, focusing on the illegal drug market

in Recife, Brazil, by tackling the preconception that illegal drug markets are inherently violent. Contending that scholars must put more weight on the market dynamics and context of illegal drug markets, rather than unconditionally assuming their violent nature, the originality of their scholarship should be applauded. Beckert and Dewey, in their edited volume, approach the topic with a broader perspective, exploring the porosity of the boundary between illegality and legality. Taken together, the two books find that illegal markets are not homogenous and should not be restricted by limiting preconceptions of their nature.

Competing Interests

The author has no competing interests to declare.

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