

# Illegal markets, protection rackets and Organized Crime in Rio de Janeiro

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*Patron of the samba school Mocidade Independente de Padre Miguel, the jogo do bicho banker Castor de Andrade (1926-1997), during the score-counting of the Rio de Janeiro Carnival.*

I HAVE sought to stress the need to differentiate between conceptual criminalization, such as described in the Penal Codes and in social representation and real incrimination, as my research in the field has shown that activities institutionally typified as offences and crimes are often treated as somehow distinct from the activities of the clandestine markets. In similar fashion, there are clandestine markets that are treated as if they were “legal” while others are reserved the preferential weight of criminalization, i.e. the “illegal” markets.

In this light, I aim to emphasize the variety of situations which might (or not) be the objects of preferential incrimination within the so-called informal markets. It is precisely because the preferential criminalization of part of the clandestine markets does occur, as does the preferential incrimination

of certain agents in these markets, but not others, that we can: 1) distinguish sociologically between activities that are treated in social practice as offences or crimes and those tolerated as merely clandestine or illegal markets; 2) distinguish between the treatments given to such tolerated and un-tolerated exchanges as: licit goods sold in the formal market; licit goods sold on the black market; regular licensed goods sold illicitly on the formal market; and illicit goods sold illegally on the informal markets.

The term “illegal market” is generally reserved for this last-mentioned category as opposed to the full spectrum of illegalities and offences, encompassing the clandestine, formal or illegal markets (the latter uniting clandestine trade with illicit merchandise). For example, many people distinguish between the acts of bootlegging alcohol and trafficking drugs; the “black market” of non-criminalized, but rare or licensed merchandise is granted a different status to the smuggling of contraband without due excise; the pirate sale of CDs is viewed differently to the irregular adoption of babies; the corporate exploitation of prostitutes does not attract the same opprobrium as the “trafficking of women”; police corruption provokes a more virulent reaction than does money laundering by large corporations; industrial espionage and breach of patents attracts much less criminalizing interest than do high-street pick-pockets and banking forgers. Of course, these examples far from exhaust the multiplicity and variety of possible combinations between infractions and forms of exchange, between crimes and markets.

Understanding how different sectors of society separate and distinguish – inside and outside of the criminal code - what can and cannot be tolerated in terms of exchange, but which we avoid exchanging nonetheless, from what cannot be tolerated as acceptable items of exchange, but which we continue to exchange anyway, has been one of the focuses of my recent studies on the issue in Brazil (Misse 1997, 1999, 2005, 2006). This interest derives from the realization that in Brazil today, or at least in some of the larger Brazilian cities, like Rio de Janeiro, these exchanges have become so frequent and so important in people’s lives that it is no longer tenable to approach them from an exclusively moral perspective, and that incorporates their legal criminalization. And when it comes to classifying them wholesale as “Organized Crime”, thus interconnecting various levels of moral reaction within the same group of phenomena, the problem becomes more complex still.

### **Organized Crime and clandestine and illegal markets**

The notion of “Organized Crime” conceals more than it reveals of the small nuances and large differences in the diversity of players, networks and practices that fall under this same social accusation (and the respective processes of incrimination) of infringing, regularly and articulately, against articles of the Penal Code and Special Laws. Such is the diversity of crimes and their contexts and the number of social organizations capable of

committing them that sweeping them all under the same umbrella expression is bound to lead to considerable errors. After all, what does one hope to achieve? Set criminal organizations apart from conventional one-man crimes? Distinguish the social articulation of criminal groups from those *faits divers* of the staple of the media chronicle? The metonymic use of the term “mafia” in reference to the same problems is so relentless that what the Penal Code typifies simply as “the formation of a gang” (but which subsumes a wide range of different activities) ends up being taken as “mafia-making”, one way or the other<sup>1</sup>.

The notion becomes so widely employed that the contexts of its use serve to delimit the meaning of the term, which in turn obscures its inevitable polysemy in practice and in everyday life. However, we well know that any thief who systematically plies his trade needs handlers, that his contact with these implies a degree of articulation and that everyone involved is therefore actively participating in networks for the handling and sale of stolen goods. Should we say, therefore, that this thief is a member of an organized crime network? Is our crook involved in “Organized Crime”? Such is the decentralization in “underground” economies or “clandestine capitalism”<sup>2</sup> that for the three or four “cartels” running the Colombian drug trade there are about a hundred medium-sized organizations and some three thousand “small firms” (Labrousse, 2004).

The illegal activities of street vendors in Brazil, for example, can involve a variety of types of merchandise. Nevertheless, Brazilians tend to differentiate between the “pirate” goods or contraband hawked by the peddlers and the dealers of illicit drugs: the former are referred to as “camelôs”(basically, peddlers) and subject to much less severe public censure than that heaped upon the retailers of cocaine or marijuana, for example. These are branded “traficantes” (traffickers), the same term reserved for international narcotics wholesalers, despite the fact that what we are talking about here are generally teenagers peddling “stash” and “joints” to other teenagers and youths. Indeed, the label seems to apply far more readily to those operating out of shantytowns, ghettos or other low-income zones in large Brazilian cities than it does to those working from little black telephone books and trust networks in the same middle and upper-class neighborhoods they come from themselves. In this case, the distinguishing factor appears to be not the merchandise sold, but the different levels of violence than can go with it.

Finally, there are those who reserve the designation “Organized Crime” for the kind of criminal organization that is capable of corrupting agents of the State, becoming practically invulnerable to the repressive action of the law in the process. However, it is difficult to tell when there is cooption and when there is just another illegal market that happens to trade in political merchandise (Misse, 2006) and, as such, would be no different from any other illegal market, except for the fact that the goods it “offers” are A-list derivatives

from relationships of power or simply harvested from public authority, like a privatized and commercialized fraction of the sovereignty of the State.

### **Jogo do Bicho (The Animal Game)**

Before the *Movimento* (“movement” - term given to the trafficking and sale of illicit drugs in the shantytowns) became the main focus of public security in Rio de Janeiro, the “animal game” (jogo do bicho) was the city’s most important, traditional and powerful illicit market. Its ability to attract manpower from the criminal “underworld” had long been great, particularly as a source of employment and protection for ex-cons. It was also, for a time, a prime source of extra cash for poor children and teens, who were recruited as lookouts at sales points and as messenger boys between the bosses and their bookmen. The structure of this market remained segmented into rival territories until the late 70s, when the main “bankers” in Rio de Janeiro (and other states) sealed a pact that created the Animal Game cartel, whose power would now appear to be in decline due to the proliferation of legal lotteries. The current heirs to some of the bankers have all but abandoned the “Bicho” in order to dispute control over the distribution of slot machines in the city’s bars and bingo halls, of course, under the traditional cover of corrupt factions of the civil and military police. Its social network, capacity for domination and local political influence turned the “jogo do bicho”, or at least its bankers and their circle of agents, bought politicians and clients, into something similar to the North-American gambling mafia, albeit on a much smaller scale.

For an idea of the main types of conflict that characterized the violence in Rio city in the 1950s and 60s, one need only look back on the local news coverage of a series of crimes committed over the period of a single month during a war between just two rival “bankers”. The conflict involved gangs of gunmen on either side, which the press dubbed “Crime Unions”, and the clans of the bankers in question, and became a “bloody succession of gunfights of alarming proportions” (*O Dia* newspaper, January 26, 1961).

The structure of the “jogo do bicho” revolved (and still does) around a myriad number of sales points which are little more than the “presence” of a bookman. The player stops by the bookman to register his bet. The points/bookmen are often found in shop-fronts or on street corners like the “camelô” peddlers, or operating semi-furtively where there is some attempt at a crackdown. In these cases, they pay teenagers some loose change to serve as “lookouts” and tip them off when the police arrive. The bookman earns a commission on the sales he books and on the prize winnings from his point, though some may be on a set wage. A manager looks after a sector of points and bookmen, who he may pay salaries in exchange for their commissions, though in some cases the manager himself is on a set wage from the banker. The manager’s payroll may include accountants, lawyers and a few gunmen to protect the points against invasion by a rival manager or banker.

The bookmen rarely resist arrest during “blitzes”. As an infraction, a minor offence, the worst case scenario if convicted is a few months in jail under the full protection of the “banker”. The banker controls a “territory”, which is patrolled by “his” managers, gunmen and bookmen. He is the one who receives the bettings and pays out on the prize-winnings. The banker can “pass” some of his bets to another banker of the same stature or to a richer and more powerful banker, who may be the “owner” of an entire area or municipality. Operating under the name “Paratodas” (‘For all’ – the name given to the Rio lottery after the agreement that established the present cartel), this network of bankers covered practically the entire country without any of the “owners” losing their autonomy. A study of its current nationwide organization is yet to be conducted.

The same local structure is replicated in various “territories” and the history of the “jogo do bicho” over the course of the 20<sup>th</sup> Century in Rio de Janeiro was largely a tale of greater or lesser degrees of tension between the different bankers (fragile alliances on one hand, open warfare on the other), at least until a stable alliance among all the main bankers in the city was forged in the early 1980s under the uncontested leadership of Castor de Andrade, son of a banker from the 40s and 50s and heir to the *bicho* in the neighborhoods of Bangu and Padre Miguel. This “jogo do bicho cartel” legalized itself by founding the League of Samba Schools, which has run the famous Rio de Janeiro Carnival ever since, with the main processions broadcast live on the nation’s TV networks<sup>3</sup>.

The battle for control of the points and gaming zones in Rio de Janeiro from the 1940s to the late 70s was an important factor in the social representation of violence in the city, but it was the link that formed between this illicit market and police “protection” that was chiefly responsible for the growing representation of police corruption (and connivance in general) in the city prior to the shift of the center of attention to the “movement” in the early 80s. All of the bankers and some of the managers who made it rich with the jogo do bicho founded and continue to run legitimate businesses alongside their illegal core activity. Castor de Andrade, for example, among other undertakings, even managed to set up a fish processing plant in the south of Bahia in the 1970s. There is a five-star hotel in Niterói, Rio de Janeiro, which belongs to the family of one of the city’s best known bankers. The hotel was built so that it could be converted into a casino should gambling ever be legalized in Brazil.

In general, what distinguishes a “formal” economic activity from an “informal” enterprise is its greater or lesser subordination to regulation by the state. One should not make the mistake of thinking these to be clearly separate realms of activity, constituting well-demarcated “sectors”. Various forms of informal “laxity” go into the constitution of “formal” economic enterprises, while the illegal informality of other activities can hide behind legal “fronts”



or raise funds in legal companies. Multiple and complex social networks develop around these different acquisitive strategies, both legal and illegal, interrelating “worlds” which the moral imagination would prefer to believe are completely separate<sup>4</sup>.

All of these social networks that interconnect legal and illegal, formal and informal markets, the exploitation of political merchandise (bribery, blackmail, extortion, protection rackets) and the illegal commerce of regulated or criminalized products/services (gambling, abortion, prostitution and drugs) do not necessarily take on spatial or community contours, nor constitute “sectors”, rather, before all else, they weave a complex pattern throughout the entire social, political and economic fabric. When a spatial/localized form does begin to emerge, when a “territorialization” becomes evident, the issue would seem to acquire a political dimension altogether different to that of more dispersive criminality, be it conventional or otherwise. If, on the one hand, this territorialization reinforces stereotypes and stigmatizes important social segments within the urban space, on the other, it *effectively constructs* new social networks, which emerge from the balance of power that delimits these territories.

This occurred with the *jogo do bicho*, but it was in the 1980s that it was to find its most violent expression with the advent of the first networks of drug dealers in the shantytowns and housing estates of Rio de Janeiro. The self-proclaimed “movement” sprang up around the old, traditional and very often small “*bocas de fumo*” (literally ‘smoke-mouths’ – slang for drug points) frequented by the wiseguys and bandits that populated the rap-sheets of Rio de Janeiro in the previous decades. Its emergence is clear proof that some degree of organization is required to keep control over the agents who operate these “territories”, as well as to establish a relationship of exchange with the police force encumbered with repressing them.

### **The *Movimento* (“Movement”)**

*Movimento* was the name given to the local drugs market – initially of marijuana - in the shantytowns, housing estates, villages and other mainly low-income residential areas in the outskirts of Rio de Janeiro city. Whether as a synonym of *boca de fumo*, or, in an extrapolation from its original sense, as a reference to “sales movement”, the expression originated as *jogo do bicho* jargon. Today, the term *movement* is common slang among dealers and consumers of illicit drugs with various acceptations depending on the aspect of this market. “Pôr um *movimento*” (Put some movement) means to set up business in a given place, also referred to as “botar uma boca” (literally, open a mouth [spot/turf]). To say that the “*movement* has strengthened” can mean that the ‘spot’ is thriving, with a large clientele, or that the sales and cashflow have grown at one or various locations and that business “protection” is stable. “Where is the *movement* at?” is a way customers can ask steerers to direct

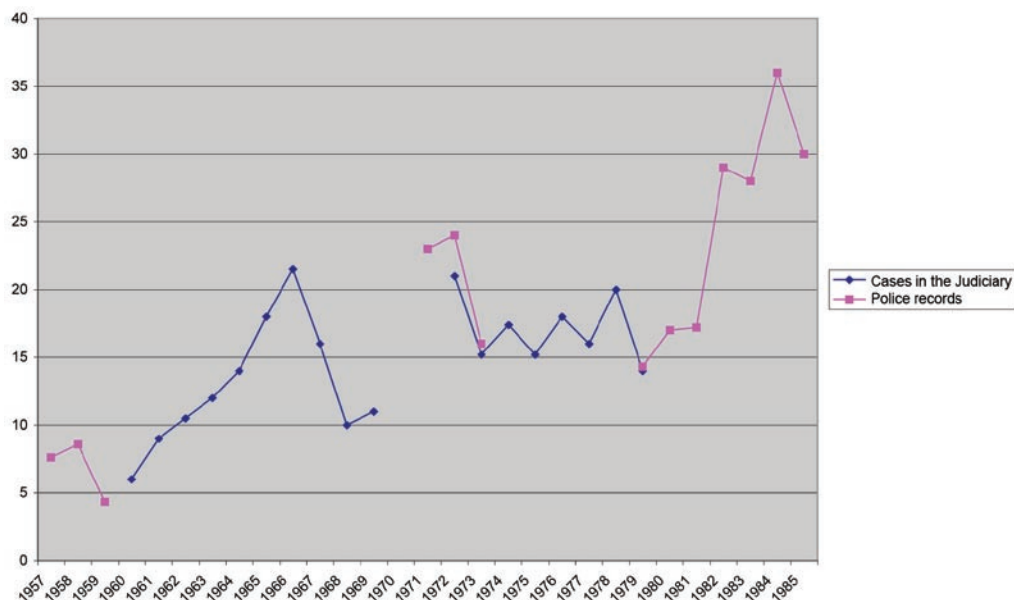
them to the nearest spot or dealer. The term is rarely used for smalltime or autonomous dealers, but generally to refer to the social group controlling a particular territory. To say “Put some movement in Rocinha”, for example, does not mean that the people who put the spot there control the entire Rocinha shantytown, but only that there is *movement* there, in particular places or with particular people known to the clientele, with their own sales points, for which the term *boca de fumo* is still used today.

The sale or possession of narcotics has never been a mere contravention in Brazil. It was criminalized under title VIII of the Penal Code of 1940: “crimes against public welfare”, specifically article 281 of chapter I: “crimes of common danger”. The prescribed sentence was one to five years imprisonment, plus a fine. It was amended in 1968 (Decree –Law No.385) and again in 1971 (Law No.5,726), introducing summary jurisdiction for people caught in possession (the majority of such cases), more severe punitive measures across the board, with jail terms of up to six years and fines of up to one hundred times the minimum monthly wage, and even harsher punishments in the case of gang involvement. In 1976, new legislation was brought in that distinguished between users and dealers, with more rigid sentences reserved for the latter, though preserving ample ambiguity as to how *user* and *dealer* should be defined; a task left to the discretion of the police, with total autonomy. We can see, therefore, that increased repression of the *movement* dates back to the late 1960s, as shown in Graph 1, which compares data compiled from judicial and police records for the period 1957-1985.

Curiously, what one observes is that the rates from the judiciary for 1966 are only equaled in 1972 and 1978. The introduction of more severe penalties in 1968 finds some analogy in figures from 1962. The police numbers are also very similar to those from the judiciary for all the years it was possible to compare the two series. The period that saw a recognized hike in cocaine trafficking (1979-81) presents lower figures than 1966. Despite the fact that, prior to 1976, the law made no distinction between drug users and drug dealers, the data represents the entire slice of the drugs market that was criminalized during this period. Most interesting is the change in the upward trend after 1966, precisely the period in which the drugs market attained greater social visibility and, consequently, attracted more severe legislation, prescribing sterner sentences.

The most plausible hypothesis is that the difference between criminalization rates up to 1966 (which revealed a trend of steady growth) and those after 1966, which invert the trend or at least level off at a rate lower than the figures for 1966, can be explained, not by the deterrent effect of the legislation, but by the proliferation of illicit transactions initially between the police and drug users, and then between the police and drug dealers. As soon as the legislation took a harder line against drugs, the market for pay-offs and bribes became more attractive, hence the slump in incriminations. It does not

strike me as plausible that harder legislation could have deterred drug takers or dealers, for the simple reason that an even more rigorous change in legislation, passed in 1980, did nothing to curb the rise in arrests and convictions among the movement between 1982 and 1985, a period which also saw an increase in the number of police officers accused of extorting bribes from suspected narcotics dealers.<sup>5</sup>



Source: Misse (1999)

Graph 1

Judiciary and police figures for drug-related offences (possession and sale) in Rio de Janeiro City (1967 -1985). Rates per one hundred thousand inhabitants.

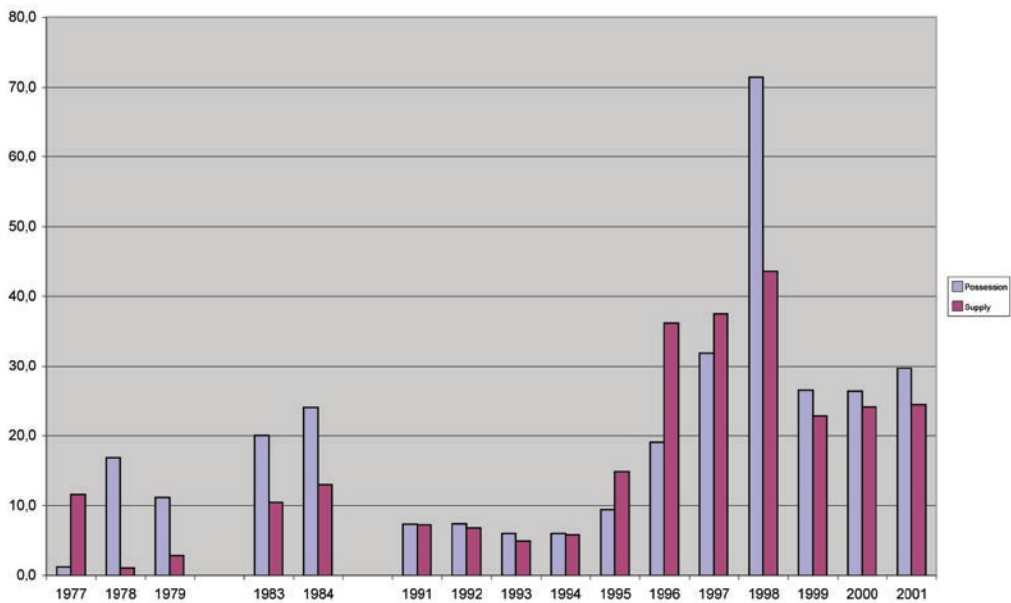
Source: Misse (1999)

Rates fell abruptly after 1987, and between 1989 and 1993 numbers for narcotics-related convictions were not included in the reports published by the Department of Public Security, apparently overshadowed by the preoccupation with the enormous rise in homicides and violent crime. However, from 1970 on, there are official records that distinguish police figures for drug possession for private consumption from those for possession with intent to supply, which enables us to disentangle the data presented in Graph 1 for at least some of those years (Graph 2).

It is clear that there were fewer arrests for possession (consumption) of drugs in 1977 (or perhaps earlier) in comparison with later years, when there was higher relative incrimination, though with drug trafficking once again topping the list of arrests in the mid-90s. Another revealing indicator is the vertical growth in the “movement” and in the volume of narcotics



apprehended during the years under survey, as well as the considerable rise in the presence of cocaine in these seizures.



Source: Rio de Janeiro Civil Police.

Graph 2

Number of arrests for possession and supply of narcotics in the city of Rio de Janeiro for some years during the period 1977-2001. Rates per one hundred thousand inhabitants.

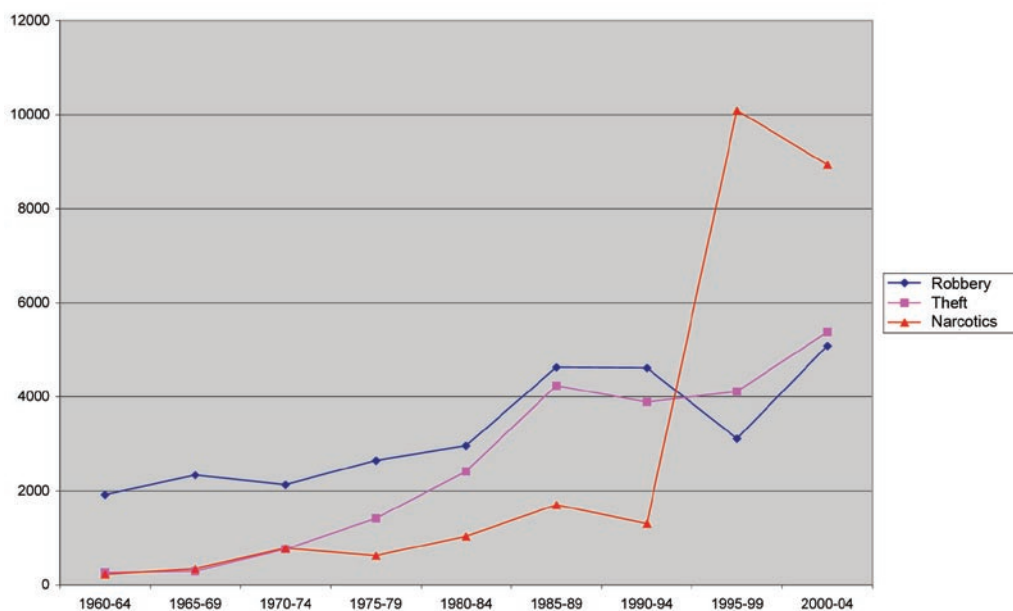
### **From robbery to trafficking: the formation of networks (“comandos”)**

What made the Rio middle class lock itself away in high-walled apartment buildings and complexes from the early 1970s was not initially fear of the rise in the drug lords in the poor urban areas of the city, but the hike in robberies, with or without forced entry, in banks, cars, residences and apartments, not to mention muggings in the streets, before the cocaine market took hold. Though the rise in conventional criminality certainly came to be associated with drug-trafficking from the 80s on, it has yet to be proved that the “fear of violence” that gripped Rio de Janeiro began with the movement. Most analysts agree that the “sense of insecurity” installed itself from the late 1970s, but a brief look through the newspapers of the day shows that the problem had already reared its head in the first half of that decade.

There are no reasonably reliable police records for the period prior to 1977, but it is interesting to note that, in the area of juvenile delinquency, for which trustworthy records have been kept since the early 1960s, there was an extraordinary shift in the pattern of infractions during the first half of the 1970s. Theft, for decades the most dominant infraction, steadily lost ground

to robbery and was eventually overtaken by it in the period 1995-99, the same quinquennium that saw both forms of larceny eclipsed by an explosion in figures for possession of drugs, indicating a changing trend among adolescent infractors, from theft to robbery and ultimately to drug dealing (Graph 3).

This five-year period also indicates the lowering of the average age of manpower involved in the drug trade as a result of the succession of arrests and deaths among the older generation. The same trend – increase of robbery against theft and systematic growth in drug involvement – seen among children and teens between 1960 and 2004 can also be verified in conventional adult crime during the same period (upsurge in burglaries, car theft and bank robbery). This change in the trend, in broad outlines, occurred in the first half of the 1970s whether or not we factor-in the expansion in the lucrative and as yet less risky cocaine market.



Source: Juvenile Courts of Rio de Janeiro. Obs: the figures for robbery also include armed robbery.

Graph 3

Children and adolescents accused of theft, robbery and narcotics (possession and supply) in the city of Rio de Janeiro per five-yearly periods between 1960 and 2004.

One highly plausible hypothesis is that there was a change in criminal investment, often among the same criminal agents, that ushered in a shift from bank robbery and burglary to drug-dealing over a ten-year period, followed by a subsequent resurgence in robbery, whether associated with the drug trade or not. From the economic point of view, the choice of which criminalized merchandise (stolen goods or drugs) to deal in probably accompanied

oscillations in the cost/benefit ratio brought about by relations with segments of the police forces involved in the policies adopted for combating these different areas of crime during this period.

A cost analysis, in this case, should not underestimate the economic effects of the moral dimension involved in a comparison between negotiating with “crooks”, “gamesters” or “drug lords”. The famous line by Lúcio Flavio Villar Lírío, boss of a gang of bank robbers dismantled in the early 70s, goes right to the crux of just how confused the roles had already become in virtue of the overlapping of markets trading in different types of illegal goods: “crooks are crooks, cops are cops”<sup>6</sup>.

Up to the 1980s the illegal informal market in Rio de Janeiro was dominated by the *jogo do bicho*. The cocaine trade only began to make its presence felt in Rio from the late 70s, and this would only be truly consolidated during the period in which it came to be definitively controlled by the gangs widely referred to in the press as the “Comando Vermelho” (Red Command), which occurred roughly between 1984 and 1986. The period that followed, marked by the decline in the Command’s “external power” over many areas of the drugs trade and its segmentation into territories, with constant warfare between rival gangs of the “movement”, continues to today, but reached its zenith during the years 1987 – 1994. This was the most violent phase, sparked by growing distrust among gangs and leaders, power struggles within territories and between territories and a notable increase in violent police repression (particularly after 1994). The main result was the influx of children into the trade from that year on, resulting in an upturn in deaths within this age group.

Up-close study of a *boca* (drug spot) and its “movement” allows us to trace some rough outlines of the kinds of interaction (Zaluar, 1995; Souza, 1996; Misse, 1997; Dowdney, 2003) that comprise these illegal clandestine market networks in the poverty-stricken urban neighborhoods of Rio de Janeiro. The so-called “commands” of the drug trade in Rio are basically networks formed by tacit and precarious accords between “owners” of the various sales zones (some of which also serve as distributors for smaller zones), most of whom are serving jail terms in maximum security prisons (Bangu I,II,III). These owners send “orders” to their “managers” on the outside, though these have difficulties translating the organization within the prisons to the reality “on the other side”, where the so-called “olho grande” (green-eyed monster) of ambitious rivals underscores the lack of organization capable of providing protection and security and of fending off raids by the various other players disputing local control. In the absence of this organization, the networks on the outside are fragile and vulnerable to police racketeering. However, they end up finding protection in the very “system” charged with repressing them, but which often prefers to force them into buying its “political merchandise”.<sup>7</sup>

The structuring of the “movement” into networks began with the “Comando Vermelho”, but has passed through various different stages, albeit while maintaining a similar local structure. The local structure is preserved even when the largest network – which comprises various areas under the same “owner” or coalitions between different owners - undergoes modifications. Contrary to the general notion in the 1980s, there has never been a single, overriding network, much less an uncontested single leader recognized in all areas and by every “owner”. There is intermittent contact among “owner” friends and constant contact between the owners and their managers in various areas, but there is also constant conflict.

The first “owners” of the movement have been controlling areas since the early 1970s, but the networks began to form among the inmates jailed under the “National Security Law” of 1970 and from prior associations between criminals or former drug-point bosses. The continuity between the last “wiseguys and bandits” of the 40s and 50s and the current “vagabundos” (term generally used nowadays to refer to someone involved in crime) can be traced back to neighborhood or family bonds, but also to the “fame” the former enjoyed among the young “wannabes” born in the 50s and 60s, who sought to emulate their “bravery”, “astuteness” or criminal lifestyle. It was, therefore, through the mediation of the experience of the bank robberies of the 1970s that the drug gangs acquired a better degree of organization and start-up capital for the nascent drugs trade. In his brilliant ethnographic novel *Cidade de Deus* (City of God [1996]), Paulo Lins recovers this dimension of continuity by showing how the bandits of “Cidade de Deus” in or around 1977 looked up to the “renegades” made famous in the press during the 60s and early 70s, like Charrão, from the São Carlos neighborhood, and “Grande” from the Macedo Sobrinho shantytown, in Lagoa.

The movement proliferated through a capitalization network based on a species of “loan” guaranteed by “bonds of friendship” or family, but recoverable under the threat of the debtor’s summary execution. But it was the organization within the prisons in the late 70s that strengthened the network (they even referred to the process as the *fortalecimento*, “strengthening”) and sought to oligopolize the market from 1983/84 on. The Command supplied anyone who wished to open a *boca* with everything they needed to set up the movement in a new area, including guns, contacts for the purchase of the drugs and cash. In return, the new “owner” would pay a regular and sizable chunk of his earnings into the Command’s common “fund” and agree to respect the rules of mutual support, alliance against enemies, respect, support and “protection” for the locals and, especially, for the “friends”. Any attempt to defraud the network on any level was punishable by death.

At the top, the network has never been entirely vertical, but always centered around an informal “commission”, with one part controlling the

“movement” from inside the prisons and another running things from the outside. Growing distrust between the factions on the inside and the outside and the ambition of upstarts intent on expanding their zones are factors essential to understanding the breakdown of the first network (1984-1986) and the subsequent segmentation (from 1987 on), with the structuring of the arms dealing business and the arrival of the first lightweight automatic weapons (AK47s and AR15s). In general, many parallels – yet to be fully investigated – can be drawn between these networks and the one that ran the *jogo do bicho* from the 50s to the 70s, with their division into areas, hierarchy among managers and sellers, look-outs and gunmen, local power-base and political interest in terms of “protecting” the locals on their turf.

The oligopolization of the *jogo do bicho* by its “commission” in the 80s drastically reduced the violence sparked by disputes for the control of sales points. The attempt to do the same in the drugs market, spearheaded by the *Comando Vermelho* in the first half of the 80s, did not enjoy the same success and the death or imprisonment of its main leaders, some of whom were relatively “politicized”, and the fragmentation of the network into new commands (the “Third Command” of the 1990s, the “neutrals” and “independents”, the Young Red Command and the Friends of Friends, etc.) left the way open for the continuation of the territorial warfare we still witness today. This process reached its height in 1994, when the homicide rate in Rio de Janeiro hit an all-time peak of roughly 70 murders per one hundred thousand inhabitants, leading to federal intervention in the state. The murder rate has fallen since then and leveled-off at roughly 45 murders per hundred thousand inhabitants, the majority of which is still related to disputes for control of the city’s illegal markets.

### **The decline of the “Commands” and the growth in “political merchandise”**

Incidents of drastic proportions, such as the burning of buses in various parts of the city on two separate occasions, enforced shutdowns of local commerce in some neighborhoods and attacks against state government and municipal installations in 2002 all point toward the beginning of a decline in the “Commands” of Rio de Janeiro. In fact, all of these events amounted to a backlash, more or less orchestrated from inside the prisons, against harsher repression, a slump in sales due to police raids, increased police extortion (“paying out means giving in”) and the deaths and imprisonment of some of the biggest names in the Rio drug trade. Furthermore, the media warnings about the dangers of venturing into the shantytowns in the wake of the murder of the journalist Tim Lopes, from the Globo Television Network, by drug dealers in Vila Cruzeiro, in the so-called *Complexo do Alemão* (German Complex), scared away much of the middle class clientele that had previously frequented the drug points. This all coincided with a fall in cocaine



*Photo Antonio Scorza/Agência France Presse*



*Photo Vanderlei Almeida/Agência France Presse*



*Photo Ricardo Moraes/Associated Presse*



*Morning of May 3, 2007, Vila Cruzeiro, in the Penha neighborhood of suburban Rio de Janeiro. A team from the Special Operations Battalion of the Military Police, nicknamed BOPE, files out of an armored car at the entrance to the shantytown and a gunfight ensues. The soldier Wilson Santana Lopes, 28, is shot as he crosses the street.*



*Photo Vanderlei Almeida/Agência France Presse*

*Photo Silvia Izquierdo/Associated Presse*



*Under heavy fire, fellow soldier Luiz Cláudio Carvalho, 33, manages to rescue his comrade, but is too late. "Our impetus rose enormously after his death, and we took Vila Cruzeiro in minutes. Killing a BOPE operative is not very good for business": words of Commander Alberto Pinheiro Netto to Veja Rio magazine.*

consumption by the middle-class youth as expensive synthetic drugs like ecstasy became increasingly popular.

The drugs trade did not disappear, but the *movement* slackened in many areas, which would partially explain the upsurge in robberies, as a counter-migration from drugs back to street crime took hold. Such was the waning in drug gang power that armed groups of police invaded their territories, expelled them from their turfs and installed themselves as the new “owners” of the region, charging protection money from the locals under threat of reprisals. But before all this, some drug gangs were already dabbling in alternative criminal activities, signaling an interest in using the power they had amassed to explore other avenues, such as clandestine cable TV, the control of fleets of vans, the charging of tolls and protection racketeering (protecting the locals of a given area against other criminals). The gangs that had won their autonomy through the drugs trade, now sought ways of complementing it in order to be able to continue to exist without it some day. In the trail of the deaths and arrests of recent years, this was a sign of decline in the drugs trade.

The same occurred with the arms trade, largely run by ex-policemen. The sheer volume of weapons seizures in Rio de Janeiro in recent decades reached such extraordinary figures that it took its toll on the drugs trade through the high cost of replacing lost guns. Though attenuated somewhat by the “return” of some of the firearms confiscated from the drug dealers via the pipeline of “political merchandise”, there has been a relative stabilization of gangland warfare since the end of the 90s, a fact that was probably responsible for the fall in murder rates in subsequent years.

The advent of the “militias” - the name popularized in the media from 2006 on - actually dates to much further back. Policemen living in the same small shantytowns or housing estates would come together to prevent the entry of drug gangs and to expel or kill thieves or other youths identified as being involved in crime. For example, the drug trade has never managed to install itself in the “Rio das Pedras” shantytown, despite its thousands of inhabitants. It has been known for many years that some policemen charge protection money from local residents and shop-owners. The practice has long been in place in small estates and complexes on the East Side and in part of Leopoldina, but it is not always local policemen who are running it. The phenomenon of the “militias” rose to prominence in 2006 with news of organized invasions of shantytowns and housing estates by groups of thirty to forty military policemen. Once they had expelled the drug gangs, these militias would then install cells of four to eight members who would start demanding “contributions” from the residents in order to maintain “order”. They would then go on to take over the other businesses previously run by the gangs, such as the clandestine cable TV hook-ups or the sale of bottled gas.



The “militia” strategy is clearly modeled on that employed by the drug gangs themselves: bring together dealers from various areas and mount an invasion. Once successful, install a small but heavily armed group to control the “territory”, over which they exercise total dominion and can run lucrative, parallel businesses. However, this militia “protection” should not be confused with the “private vigilantes” hired by the residents of high-risk areas. In the case of the militias, there have been many accounts of violence against residents who have refused to “contribute” in return for police protection.

The conflicts between drug gangs, militias and the police have caused many deaths, including of residents with absolutely nothing to do with any of the groups. The residents’ associations of the areas under dispute are usually the first to be hit, and some of their leaders who have resisted one group or another have suffered death threats without the police offering any guarantee whatsoever that they will be able to stay in or return to their homes. Factions within the police, who once battled the drug dealers, when not involved in the invasions themselves, now permit the presence of the militias in return for a commission. One cannot understand the forms of criminal organization in Rio de Janeiro without first understanding the role played by elements of the police force - among other agents of the state - in maintaining the status quo. The overlapping of two illegal markets – one offering illicit goods and another which lives parasitically off the first through the provision of political merchandise – constitutes one of the main structural axes for the heightened scale of violence in Rio de Janeiro and its social accumulation.

## NOTES

- 1 The bibliography on the Italian mafias and their North-American counterparts is vast, from the now-classic studies by Hess, Blok and Arlacchi, up to the recent works of Catanzaro and Gambetta, and this is not the place to cite them, especially because, in the main, the issues treated here have little to do with criminal organizations of the mafia type. For an interesting article on this issue see Cesoni (1995). On the same matter in the USA, see Ianni & Reuss-Iani (1972) and Reuter (1983).
- 2 On the underground drugs trade see Shiray (1994); on “clandestine capitalism”, see Godefroy & Lascoumes (2004). On the same theme, see the collection organized by Kokoreff et al. (2007).
- 3 The bibliography on the *jogo do bicho* is not as extensive as one would like. Among the most important studies are: Machado da Silva & Figueiredo (1978); Pereira de Mello (1989); Chinelli & Machado da Silva (1993); Soares (1993); Herschmann & Lerner (1993); DaMatta & Soárez (1999); Misse (1999) and Magalhães (2005).
- 4 On this theme see Lautier (1991); Mingione (1991) and Kopp (1997).
- 5 The period 1983-1987 encompasses the first governorship of Lionel Brizola, generally accused of negligence in this department. Curiously, the data indicates a much higher level of incrimination in the area of narcotics during his tenure than in either of the two governments that succeeded him.

- 6 According to many journalists, this assertion by Lúcio Flavio was directed at detective Mariel Mariscot, who offered “protection” to the *bicheiros* (jogo do bicho gamblers) and extorted the bank robbers.
- 7 By “political merchandise” I mean all goods whose exchange is fundamentally asymmetrical and almost always compulsory and whose value incorporates both financial and political costs. For more on the concept of “political merchandise”, see Misse (2005).

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*ABSTRACT* - By dealing with a variety of criminal situations that are qualified as “Organized Crime”, this article presents the evolution of the main networks of illegal markets in Rio de Janeiro - “jogo do bicho” (the animal game - an illegal gambling pastime in Brazil), the drug trade, and “political commodities” - , in order to argue that the sales and acquisition of these political commodities (such as extortions, corruption, sales of protection, access to information on police operations etc.) constitutes one of the key concepts in understanding the social accumulation of violence in the city.

*KEYWORDS*: Illegal Markets, Drug Trade, Urban Violence, Organized Crime, Rio de Janeiro.

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