



# Living on the edge: Youth entry, career and exit in drug-selling gangs<sup>☆</sup>



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## ABSTRACT

We use data from a unique survey of members of drug-trafficking gangs in *favelas* (slums) of Rio de Janeiro, Brazil, to characterize drug-trafficking jobs and study the selection into gangs, analyzing what distinguishes gang-members from other youth living in *favelas*. We also estimate earnings regressions for gang-members and examine their career path: age at entry, progression within the gangs' hierarchy, and short- to medium-term outcomes. Individuals from lower socioeconomic background and with no religious affiliation have higher probability of joining a gang, while those with problems at school and early use of drugs join the gang at younger ages. Earnings within the gang do not depend on education, but are increasing with experience and involvement in gang-related violence. The two-year mortality rate in the sample of gang-members reaches 20%, with the probability of death increasing with initial involvement in gang violence and with personality traits associated with unruliness.

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## 1. Introduction

Youth account for a disproportionately high fraction of the perpetrators and victims of violence (see, for example, Levitt and Lochner, 2001; Sampson and Laub, 2005; Cerqueira and Soares, 2015). Part of this involvement with violence is associated with membership to criminal groups, as exemplified by the Crips and Bloods in the 1980s Los Angeles, the *pandillas* and *maras* in several Latin American countries and throughout the US penitentiary system, and the drug-trafficking gangs in the *favelas* (slums) of Rio de Janeiro, Brazil. Information on the activities and organization of these groups and on the individuals involved with them is extremely rare. In the particular case of Brazil, a country with high violence and strong presence of drug-trafficking gangs in poor areas of virtually every major urban center, very little is known about the way they function.

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A greater understanding of how criminal organizations attract the youth and how they operate is paramount in designing an effective strategy to fight crime and curb violence, but the difficulty in “getting inside” these criminal organizations has been a major obstacle. The handful of studies that have been able to overcome this obstacle have made important contributions. With a more historical perspective, Reuter (1983) and Gambetta (1993) studied the organization and functioning of the Italian *Mafia*, while Leeson (2007) discussed the governance rules among 18th century pirates. Directly related to this paper, there is also a considerable literature on the contemporaneous phenomenon of urban gangs, most of a descriptive nature and with an ethnographic approach. Examples include Moore (1990), who discussed the role of gangs in violence and the drug trade, Levitt and Ventakesh (2000, 2001), who analyzed the financial organization and history of a drug-selling gang and the outcomes of a cohort of youth growing up in the Chicago projects, Dowdney (2003), who described the structure and social norms of gangs in *favelas* of Rio de Janeiro, and Rubio (2007), who coordinated an impressive effort to survey the perceptions and involvement of youth with *pandillas* and *maras* in Guatemala, Honduras, Nicaragua, and Panama. Still, little is known about the selection of youth into these gangs, the occupational structure of these organizations, and the typical “careers” of gang-members.

This paper uses a unique dataset to help fill in this gap. In 2004, a Brazilian NGO, *Observatório de Favelas*, interviewed 230 individuals who worked for drug-selling gangs in 34 *favelas* of Rio de Janeiro.<sup>1</sup> The survey collected detailed information on characteristics of both gang-members (demographics, socioeconomic background, etc.) and their jobs (earnings, hours, occupation, involvement with violence, etc.). Gang-members were between 11 and 24 years old when first interviewed from June to August of 2004. After this baseline interview, interviewers attempted – with limited success – to follow individuals monthly for the four subsequent months. In addition, death records were collected for the two-year period following the baseline interview. The data allow us to draw an unprecedented picture of the criminal entry, career, and exit among gang members. Despite limitations associated with the non-random nature of the sample, the data provide an insight into drug-trafficking gangs that represents an important progress in our understanding of the way these groups function.

We start by drawing on the original report from the NGO that conducted the survey and describing in detail the characteristics of the drug-trafficking jobs that existed in the *favelas* of Rio de Janeiro in 2004 (*Observatório de Favelas*, 2006). We document that gang-members earned on average \$316 per month, only 23% more than other youth from the *favelas*, but more than 100% above what they would have earned had they been working in the legal sector. There were large risks associated with these jobs. At the time of the first interview, more than half of the sample had participated in armed confrontations with rival gangs and roughly two-thirds had participated in gun fights with the police. At the end of two years, 20% of the initial sample had died. We also document how job characteristics vary according to occupation within the gang. We show, for example, that the risks are even larger for members higher up in the drug-trafficking hierarchy. Members at the top of the hierarchy earned 90% more than members in entry-level occupations, but were also 10 percentage points more likely to die within two years.

Following, the paper makes its three main contributions. First, we combine the gang-members dataset with other data in order to investigate what distinguishes the young men who voluntarily join drug-trafficking gangs. We combine data from the 2000 Brazilian Census with the survey of gang-members and use the procedure suggested by Lancaster and Imbens (1996) for contaminated samples. This allows us to estimate a model of selection into the gang. This is one of the first estimates of determinants of participation in criminal activities available for Latin America. We find that younger individuals, from lower socioeconomic background (black, illiterate, and from poorer families) and with no religious affiliation are more likely to join drug-trafficking gangs. For example, blacks are between 6 and 17 percentage points more likely to join a drug-trafficking gang, while the same number for illiterates is between 6 and 20 percentage points.

The second contribution of the paper is to analyze the determinants of earnings in drug-trafficking jobs. We present what we believe to be the first set of Mincerian regressions for individuals employed by criminal organizations.<sup>2</sup> We find that there are no returns to schooling within the gangs, but there are strong returns to experience, bravery, and loyalty. Each additional year working for a gang is associated with a 10% increase in earnings, while participation in an armed conflict increases earnings by 5% and a punishment for failing to comply with gang rules reduces earnings by 17%.

Finally, the paper also examines the “career path” of criminals: age at entry, progression within the gang hierarchy, and short to medium term outcomes. We find that troubled kids who have problems at school and start using drugs early on are at greater risk of being recruited at younger ages. In line with the evidence from the earnings equations, we also document that position within the gang hierarchy is positively correlated with experience and with participation in gun fights. Finally, we present evidence that gang-members with weaker attachment to the gang and better outside opportunities are more likely to quit the gang. For those who choose to continue in the gang, prospects are bleak. Each additional experience of gun fight at the time of the initial interview is associated with an increase of 2 percentage points in the probability of death in the following two years. Individuals with personality traits associated with aggressiveness and lack of control are also more likely to die.

<sup>1</sup> *Observatório de Favelas* translates as Slum Observatory. *Favela* is used in the remainder of the paper to refer to Brazilian slums. The *Observatório de Favelas* ([www.observatoriodefavelas.org.br](http://www.observatoriodefavelas.org.br)) is an NGO founded by individuals originally from poor communities in Rio de Janeiro, focused on research and policy action to promote knowledge, public debate, and policy proposals on issues relevant to the *favelas* and other urban phenomena.

<sup>2</sup> Gertler et al. (2005) present pricing equations for services of sex workers in Mexico, which can be seen as close to earnings equations for these workers. Still, we believe ours is the first set of estimates of earnings regressions for criminal organizations directly engaged in the constant use of violence.

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