



"Shedding Light on Underground Economies: Crime, Traffic, and Illegal Work"¹ Edition, La Découverte.

Book Review. Daniel Ventre. January 2015. Article n°IV.6

The collective work, "Lumière sur les économies souterraines. Crime, trafic, travail au noir" (title translated into English, "Shedding Light on Underground Economies: Crime, Traffic, and Illegal Work"), published by La Découverte ("Collection Regards Croisés sur l'Économie," No. 14, February 2014, 244 pages), is structured in three parts: Public authorities face "underground economies"; historical issues in full resurgence; and from parallel markets to organized counter-culture.

1 - The various facets of underground economies

Underground economies, that include activities like fiscal fraud, prostitution, illegal work, clandestine trafficking, and organized crime, are either on the border of illegality or are outright criminal.² These are analyzed along with their diverse players, often popular figures like pirates, hackers, gangsters, and mafia members³ and their dynamics (in the economic and social spheres as well as relations between States and underground economies).⁴ Underground economies are seen as "vague and sprawling nebulae"(p.9)⁵; different from traditional economies (p.9); thriving in weak states (p.10) and / or ones that allow them or that are corrupt (p.10) shrouded in shadow and mystery (p.9); posing challenges to public authorities (p.9); with significant economic weight (p.9); with direct impact on economic and social activities (p.10) whose activities are often interconnected and networked (p.11); and these are ever-changing organizations, with the capacity to be innovative and to quickly and pragmatically adapt their "production and trade techniques given the constraints imposed on their activities"(p.12).⁶ The health of these

¹ Translated from French, original title: "Lumière sur les économies souterraines. Crime, trafic, travail au noir"

² See the summary of the book on the back page

³ p.9

⁴ p.10

⁵ Original passage: "nébuleuses floues et tentaculaires."

⁶ Original passage: "techniques de production et d'échanges aux contraintes qui s'imposent à ces activités."

economies is suspended in malleable limits, with boundaries that are defined by the State that decides what is legal and what is not (p.11).

In his chapter entitled “mesurer l’activité souterraine, c’est d’abord définir sa frontière”⁷ (title translated into English, "to measure underground activities, one must first define the borders"), Sebastian Roché discusses the definition of an underground economy. The first part of the book talks about articles on the small pornographic trade between 1965 and 1971.⁸ The monitored and controlled markets, are indirectly structured (via locations, trade, roles, and channels) by police action (p.27). In particular, markets are organized to evade the police (p.35).

Clandestine markets largely remain dependent on actors and networks inherited from the legal market (p.41), as was the case during prohibition in the United States (p.41). Social network analysis can be leveraged in the fight against crime. When social networks are important in an illegal activity, reducing crime can benefit the approach of a key player, that is, they must determine which criminal must be taken out of the network in order to minimize crime (p.58). Whereas, traditionally the most active or central criminals were targeted.

The book then covers a variety of topics including: the relationship between poverty and corruption; relations between the Italian mafia and the State; relations between the economy and crime, specifically the informal economy within the GDP; the economic impact of the informal economy on growth; fiscal fraud (p.143-146); the effects of new forms of migration transmigration/globalization in parallel to immigration/nation (p.147); undeclared work (p.159); relations between organized crime and businesses (p.163); and organized crime and prostitution (p.229-244).

2 - Cyberspace

2.1. Currency

Does the Bitcoin threaten sovereignty (p.122)? This is an unregulated currency without a centralized authority that ensures the anonymity of transactions, and is a conduit for illegal trade (p.124). The issue does not appear to be the prohibition of this currency, but the need for a means of transparency, security for users, and a method for allowing States to exercise the right of inspection and control.

2.2. The Darknet

Jean Philippe Vergne and Rodolphe Durant contributed a section (p.126-139) entitled “Cyberespace et organisation virtuelles : l’Etat a-t-il encore un avenir ?” (Translated into English, "Cyberspace and virtual organizations: Does the State still have a future?"). It raises a question about the role of pirate organizations in the evolution of capitalist societies. One of the most interesting hypotheses here is that pirates are challenging the norms imposed by the state and they actually contribute to co-produce the rules of the game. Like pirates played a role in the evolution of capitalism since the conquest of the Americas by Europeans, cyber-pirates play an equivalent and essential role (p.129). The authors are interested in the role of the darknet, especially, Sil Road, where everything is deterritorialized including trade, hardware, content, and actors etc. Because of the surge in the number of actors and the various components of the darknet, it is present everywhere and nowhere (p.128). This is not new, "pirate organizations, those of

⁷ Chapter by Sébastien Roché, CNRS, p.16-24

⁸ Baptiste Coulmont, “Police économique : le petit commerce pornographique sous l’oeil de la police,” 1965-1971, p.25-37

yesterday like today, have always been deterritorialized" (p.134).⁹ Illegitimate organizations proliferate and prosper in "these gray areas where the frontiers of legality and legitimate work are yet to be determined" (p.128).¹⁰ "Piracy is growing where there is territorial revolution, and these are times when states seek to control and regulate the exchanges associated with these new spaces."¹¹ Pirates oppose monopolies, yesterday it was the BBC and AT&T and today it is Google and Microsoft etc. Pirates therefore are useful in that they are defending public causes (p.132), "recognizing that the space is for the common good,"¹² and defending the "freedom of movement and exchange within that territory" (p.132).¹³

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⁹ Original passage: "les organisations pirates, celles d'hier comme celles d'aujourd'hui, ont toujours été déterritorialisées."

¹⁰ Original passage : "cette zone grise où les frontières de la légalité et de l'action légitime restent à déterminer."

¹¹ Original passage : "La piraterie se développe lors des grandes révolutions territoriales, qui sont des moments où les Etats cherchent à contrôler et réguler les échanges associés à la découverte de nouveaux espaces."

¹² Original passage: "la reconnaissance du territoire comme bien commun."

¹³ Original passage: "la liberté de circuler et d'échanger au sein de ce territoire."